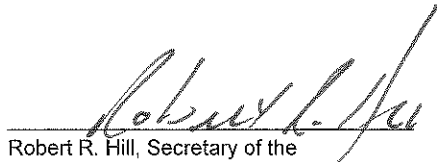


3I hereby certify that the following agenda was posted at least 72 hours prior to the time of the meeting so noticed below at 24251 Los Alisos Boulevard, Lake Forest, California.


Robert R. Hill, Secretary of the
El Toro Water District and the Board of
Directors thereof

AGENDA

EL TORO WATER DISTRICT

REGULAR MEETING OF THE BOARD OF DIRECTORS ENGINEERING COMMITTEE MEETING AND FINANCE/INSURANCE COMMITTEE MEETING

**(Director Monin will be teleconferencing
from: 3955 Royal Viking Way, Las Vegas, NV 89121)**

December 18, 2018

7:30 a.m.

CALL TO ORDER – Vice President Vergara

PLEDGE OF ALLEGIANCE – Vice President Vergara

ORAL COMMUNICATION – PUBLIC COMMENT

Members of the public may address the Committee at this time or they may reserve this opportunity with regard to an item on the agenda until said item is discussed by the Committee. Comments on other items will be heard at the time set aside for "COMMENTS REGARDING NON-AGENDA ITEMS." The public will identify themselves when called on and limit their comments to three minutes.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

Determine need and take action to agendize items(s) which arose subsequent to the posting of the Agenda. (ROLL CALL VOTE: Adoption of this recommendation requires a two-thirds vote of the Board members present, or, if less than two-thirds of the Board members are present, a unanimous vote of those members present.)

1. **ETWD Comprehensive Annual Financial Report/Audit – Fiscal Year Ended June 30, 2018** (Reference Material Included)

Staff and the District's independent Auditor, The PUN Group, will review and comment on the District's Comprehensive Annual Financial Report (CAFR) – Audit for fiscal year ended June 30, 2018.

Recommended Action: Staff recommends that the Board of Directors receive and file the District's Comprehensive Annual Financial Report (CAFR) – Audit for fiscal year ended June 30, 2018.

ENGINEERING COMMITTEE

CONSENT CALENDAR

(All matters under the Consent Calendar will be approved by one motion unless a Board member or a member of the public requests separate action or discussion on a specific item)

2. Consider approving the November 19, 2018 Engineering Committee meeting minutes.

APPROVAL OF ITEMS REMOVED FROM TODAY'S ENGINEERING COMMITTEE CONSENT CALENDAR

The Board will discuss items removed from today's Engineering Committee Consent Calendar requiring further discussion.

Recommended Action: The Board will be requested to approve the items removed from today's consent Calendar.

ENGINEERING ACTION ITEMS

There are no action items.

ENGINEERING GENERAL INFORMATION ITEMS

3. **El Toro Water District Capital Project Status Report**
(Reference Material Included)

Staff will review and comment on the El Toro Water District Capital Project Status Report.

4. **Engineering Items Discussed at Various Conferences and Meetings** (Oral Report)

The Committee will discuss any pertinent Engineering items discussed at Conferences.

COMMENTS REGARDING NON-AGENDA ENGINEERING COMMITTEE ITEMS

CLOSE ENGINEERING COMMITTEE MEETING

FINANCE/INSURANCE COMMITTEE MEETING

CALL MEETING TO ORDER – President Goldman

CONSENT CALENDAR

(All matters under the Consent Calendar will be approved by one motion unless a Board member or a member of the public requests separate action or discussion on a specific item)

5. Consider approving the November 19, 2018 Finance Committee meeting minutes.

APPROVAL OF ITEMS REMOVED FROM TODAY'S FINANCE COMMITTEE

CONSENT CALENDAR

The Board will discuss items removed from today's Finance Committee Consent Calendar requiring further discussion.

Recommended Action: The Board will be requested to approve the items removed from today's consent Calendar.

FINANCIAL ACTION ITEMS

6. **Financial Package - Authorization to Approve Bills for Consideration dated December 18, 2018 and Receive and File Financial Statements as of November 30, 2018** (Reference Material Included)

The Board will consider approving the Bills for Consideration dated December 18, 2018 and Receive and File Financial Statements as of November 30, 2018.

Recommended Action: Staff recommends that the Board 1) approve, ratify and confirm payment of those bills as set forth in the schedule of bills for consideration dated December 18, 2018, and 2) receive and file the Financial Statements for the period ending November 30, 2018.

FINANCIAL INFORMATION ITEMS

7. **2019/20 Fiscal Year Budget/Cost of Service Evaluation/Preparation and Tentative Schedule Status Report** (Reference Material Included)

Staff will review and comment on the 2019/20 fiscal year Budget/Cost of Service Evaluation/Preparation and Tentative Schedule.

8. **Tiered Water Usage and Revenue Tracking** (Reference Material Included)

Staff will review and comment on monthly and year to date Tiered Water Usage and Revenue tracking.

COMMENTS REGARDING NON-AGENDA FIC ITEMS

CLOSE FINANCE AND INSURANCE COMMITTEE MEETING

ATTORNEY REPORT

CLOSED SESSION

At this time the Board will go into Closed Session as follows:

1. In accordance with Government Code Section 54956.96 in order to receive, discuss, and/or take action concerning information obtained by the District's representative pertaining to a closed session of the South Orange County Wastewater Authority ("SOCWA"), a joint powers agency.
2. To conduct the General Manager's annual performance evaluation pursuant to Government Code Section 54957 (b) (1).

REGULAR SESSION

REPORT ON CLOSED SESSION (Legal Counsel)

Mr. Granito will provide an oral report on the Closed Session.

9. **GENERAL MANAGER COMPENSATION**

Board Action: The District's Board of Directors will discuss and consider granting the District's General Manager a compensation increase in the amount and form as determined by the Board.

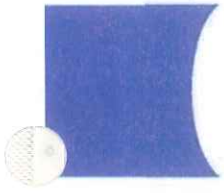
ADJOURNMENT TO 7:30 a.m., Tuesday, January 22, 2019.

The agenda material for this meeting is available to the public at the District's Administrative Office, which is located at 24251 Los Alisos Blvd., Lake Forest, Ca. 92630. If any additional material related to an open session

agenda item is distributed to all or a majority of the board of directors after this agenda is posted, such material will be made available for immediate public inspection at the same location.

Request for Disability-Related Modifications or Accommodations

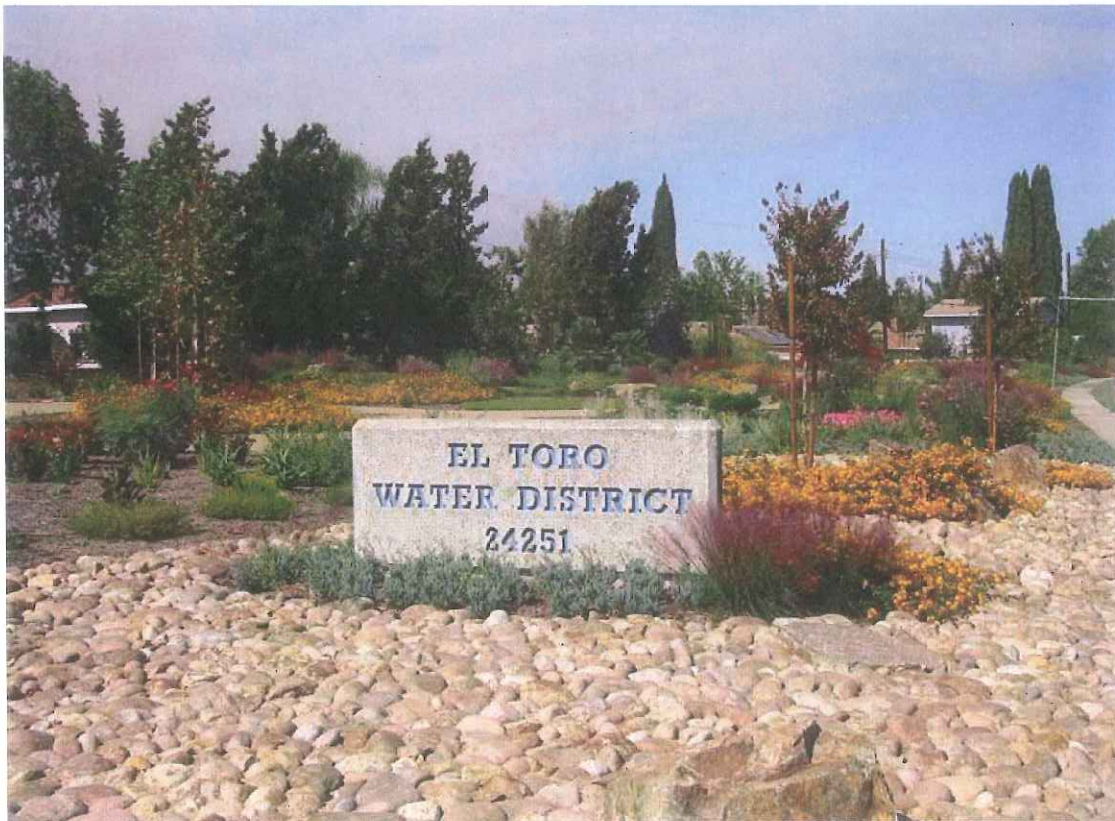
If you require any disability-related accommodation, including auxiliary aids or services, in order to participate in this public meeting, please telephone the District's Recording Secretary, Polly Welsch at (949) 837-7050, extension 225 at least forty-eight (48) hours prior to said meeting. If you prefer, your request may be submitted in writing to El Toro Water District, P.O. Box 4000, Laguna Hills, California 92654, Attention: Polly Welsch.



El Toro Water District

Comprehensive Annual Financial Report

For the Year Ended June 30, 2018



EL TORO WATER DISTRICT – A District of Distinction

24251 Los Alisos Blvd., Lake Forest. CA 92630 – 949-837-0660 / www.etwd.com

**El Toro Water District
Comprehensive Annual Financial Report
For the Year Ended June 30, 2018**

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INTRODUCTORY SECTION

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**Board of Directors**

M. Scott Goldman
Jose F. Vergara
Frederick J. Adjarian
Mark L. Monin
Kathryn Freshley

General Manager

Robert R. Hill

El Toro Water District

"A District of Distinction"

Serving the Public - Respecting the Environment

November 15, 2018

Board of Directors
El Toro Water District

Introduction

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the El Toro Water District (District) for the fiscal years ended June 30, 2018, following guidelines set forth by the Governmental Accounting Standards Board. District staff prepared this financial report. The District is ultimately responsible for both the accuracy of the data and the completeness and the fairness of presentation, including all disclosures in this financial report. We believe that the data presented is accurate in all material respects. This report is designed in a manner that we believe necessary to enhance your understanding of the District's financial position and activities.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately after the Independent Auditors' Report.

District Structure and Leadership

El Toro Water District was formed in 1960 and serves nearly 50,000 people in southern Orange County and is a fully integrated water, sewer and recycled water retail operation. The District is governed by a Board of Directors consisting of five board members. The directors are elected by registered voters within the District boundaries. The Board of Directors establish policy and make decisions based on the District's mission, goals, and operations. The Board's policies are administered and implemented by the General Manager, who is appointed by the Board. Public elections are held every two years and Directors serve four year terms. Terms are staggered to ensure continuity.

The Board takes its responsibilities as sound fiscal stewards seriously. Every quarter the District has an Agreed Upon Procedure (AUP) performed by the District auditors to focus in detail on an aspect of internal controls. Each AUP focuses on different internal control risk areas. Additionally, the District prepares a full cost of service analysis each year to determine the fairness and adequacy of its rates for the next fiscal year.

The District is also very proud to have been awarded the District of Distinction Award by the Special District Leadership Foundation, a testament to the responsible leadership that has been a long-standing tradition at the District.

Economic Condition and Outlook

The District offices are located in Orange County, which has the healthiest economic growth in the region.

California's water supply continues to be a concern. This concern has increased interest in conservation and in irrigation methods and systems. The District is a leader in the area of water conservation and will continue to make strides in this area.

Major initiatives

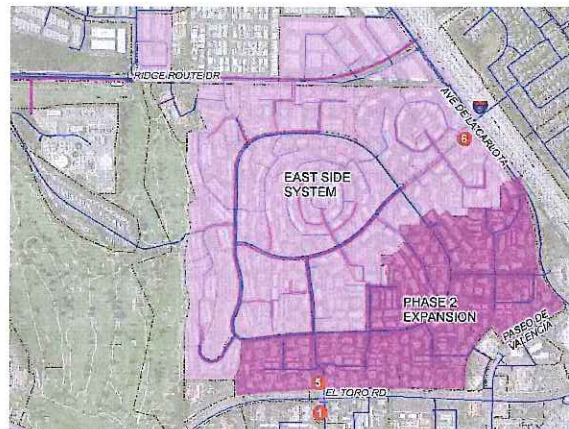
The mission of the El Toro Water District is to “provide its customers a safe, adequate and reliable supply of water and wastewater service in an environmentally and economically responsible way.”

We have successfully maintained the faith of that mission for over 50 years. As we move forward, strategic planning for the future to ensure operational success and customer satisfaction includes:

- Continued collaboration with our wholesale water supplier and regional partners to cost effectively and reliably develop a diverse portfolio of high quality water resources
- Expansion of local recycled water deliveries for beneficial reuse
- Proactive participation in local and regional water conservation programs to advance efficient and responsible use of existing and new water resources
- On-going infrastructure assessment, restoration and replacement with prudent financial planning that supports the District’s overall goals and actions.

Some major capital improvement projects include:

The Phase II Recycled Water Distribution System Expansion Project (Project), budgeted at \$8 million, which adds approximately 28,500 feet of new recycled water pipelines and appurtenances to the existing recycled water system. The Project adds 65 dedicated recycled water irrigation meters to the recycled water system. Construction for the waterline project was completed in third quarter of 2018. On-site retrofits are anticipated to be completed by mid-2019.



The Oso Sewer Lift Station Improvement Project, budgeted at \$ 1.5 million, is expected to be complete by the third quarter of 2019. This project will replace the aging sewer lift station and increase the reliability and efficiency of the sewer pumping facilities.



Internal Control Structure

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

The District's Board of Directors annually adopts an operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise operations and capital projects.

The budget and reporting treatment applied to the District is consistent with the accrual basis of accounting and the financial statement basis.

Investment Policy

The Board of Directors annually adopts an investment policy that conforms to state law, District ordinances and resolutions, prudent money management, and the "prudent person" standards. The objectives of the Investment Policy are safety, liquidity and yield in that order. District funds are invested in the State Treasurer's Local Agency Investment Fund (LAIF), California Asset Management Program (CAMP), U.S. treasury obligations, government sponsored entities securities, and institutional savings and checking accounts.

Water Rates and District Revenues

District policy direction ensures that all revenues from user charges and surcharges generated from District customers must support all District operations including capital project funding. Accordingly, water rates are reviewed periodically. Water rates are user charges imposed on customers for services and are the primary component of the District's revenue. Water rates are composed of a commodity (usage) charge and a fixed (readiness-to-serve) charge.

Audit and Financial Reporting

State Law and Bond covenants require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of The Pun Group has conducted the audit of the District's financial statements. Their unqualified Independent Auditor's Report appears in the Financial Section.

Acknowledgements

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that our staff members bring to the District. We would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of the El Toro Water District's fiscal policies.

Respectfully submitted,



Robert Hill
General Manager



Neely Shahbakti
Finance Manager/Controller



EL TORO WATER DISTRICT

SERVING THE PUBLIC - RESPECTING THE ENVIRONMENT

DISTRICT OFFICIALS

Board of Directors

M. Scott Goldman, President

Jose Vergara, Vice President

Mark Monin, Treasurer

Frederick Adjarian, Director

District Management

Robert R. Hill, General Manager

Dennis P. Cafferty, Assistant General Manager/District Engineer

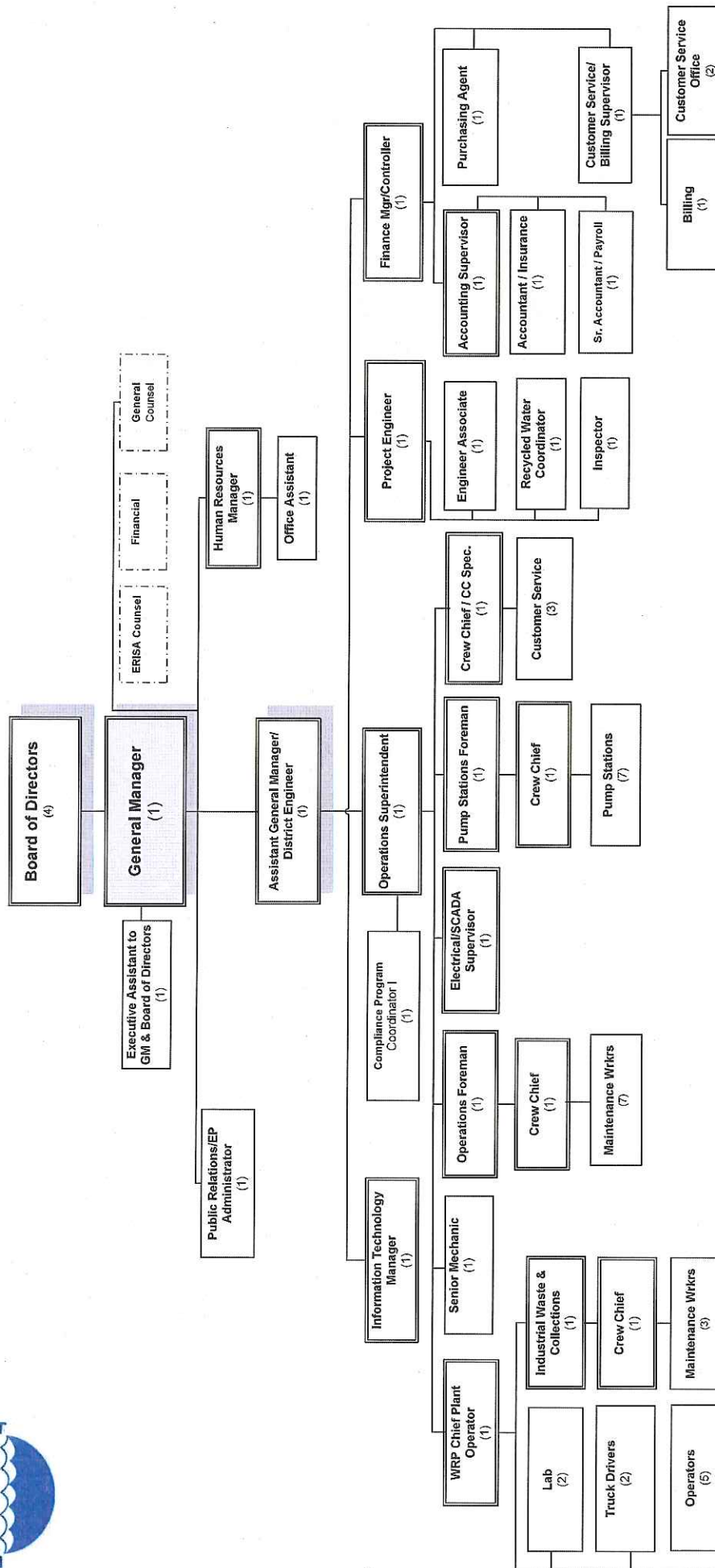
Neely Shahbakhti, Finance Manager/Controller

Judy Cimorell, Human Resource Manager

Michael Miazga, Information Technology Manager



EL TORO WATER DISTRICT ORGANIZATIONAL CHART





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**El Toro Water District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the El Toro Water District
Lake Forest, California

Report on the Financial Statements

We have audited the accompanying basic financial statements of the El Toro Water District (District), which comprise of the statement of net position as of June 30, 2018, and the related statements of revenues, expenses and changes in net position, and cash flows for the year ended and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2018 and the respective changes in financial position, and, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

200 East Sandpointe Avenue, Suite 600, Santa Ana, California 92707

Tel: 949-777-8800 • Fax: 949-777-8850

www.pungroup.com

To the Board of Directors
of the El Toro Water District
Lake Forest, California
Page 2

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 15 through 19 and the Schedule of Changes in Total OPEB Liability and Related Ratio on page 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory and the statistical sections are presented for purposes of additional analysis and are not required parts of the basic financial statements. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

The PwC Group, LLP

Santa Ana, California
November 15, 2018



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
of the El Toro Water District
Lake Forest, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of net position as of June 30, 2018, and the related statements of revenues, expenses and change in net position, and cash flows for the year then ended and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated November 15, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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To the Board of Directors
of the El Toro Water District
Lake Forest, California
Page 2

Purpose of this Report

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

The PwC Group, LLP

Santa Ana, California
November 15, 2018

El Toro Water District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2018

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the El Toro Water District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In 2018, the District's net position decreased 9.04% or \$6,236,290 to \$62,720,731 as a result of operations.
- In 2018, the District's operating revenues increased 5.88%, or \$1,412,387, primarily due to a \$823,991 increase in water consumption sales and a \$325,729 increase in sewer services.
- In 2018, the District's operating expenses before depreciation increased 7.20%, or \$1,527,717, primarily due to an increase in source of supply of \$858,485.

Required Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement of Net Position include all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statements of Revenues, Expenses and Changes in Net Position. The statements measure the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. The statements can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statements of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statements of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the District

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Balance Sheets and the Statements of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and changes in them. One can think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation, such as changes in Federal and State water quality standards.

El Toro Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2018

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Condensed Statement of Net Position

	June 30, 2018	June 30, 2017	Change
Assets:			
Current assets	\$ 16,550,066	\$ 19,553,765	\$ (3,003,699)
Restricted assets	1,648,811	1,626,039	22,772
Capital assets, net	96,109,953	94,743,188	1,366,765
Total assets	114,308,830	115,922,992	(1,614,162)
Liabilities:			
Current liabilities	5,491,773	4,558,062	933,711
Noncurrent liabilities	46,096,326	42,407,909	3,688,417
Total liabilities	51,588,099	46,965,971	4,622,128
Net position:			
Net investment in capital assets	60,300,968	57,194,565	3,106,403
Restricted	1,648,811	1,626,039	22,772
Unrestricted	770,952	10,136,417	(9,365,465)
Total net position	\$ 62,720,731	\$ 68,957,021	\$ (6,236,290)

In 2018, total assets decreased by \$1,614,162, total liabilities increased by \$4,622,128, and net position decreased by \$6,236,290.

In 2018, the decrease in current assets of \$3,003,699 is directly related to the \$1.4 million increase capital assets as the District continues to utilize its cash reserves to construct its capital projects.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets of the District exceeded liabilities by \$62,720,731 and \$68,957,021 as of June 30, 2018 and 2017, respectively.

By far the largest portion of the District's net position (96% as of June 30, 2018 and 83% as of June 30, 2017) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending.

At the end of fiscal years 2018 and 2017, the District showed a balance in its restricted net position of \$1,648,811 and \$1,626,039, respectively, which is restricted for debt service and capital projects.

At the end of fiscal years 2018 and 2017, the District showed a positive balance in its unrestricted net position of \$770,952 and \$10,136,417, respectively, which may be utilized in future years. The significant decreased in unrestricted net position due to the implementation of GASB Statement No. 75, which reported \$11,191,763 of Total OPEB Liability as of June 30, 2018.

El Toro Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2018

Condensed Statements of Revenues, Expenses and Changes in Net Position

	June 30, 2018	June 30, 2017	Change
Revenues:			
Operating revenues	\$ 25,445,261	\$ 24,032,874	\$ 1,412,387
Non-operating revenues	1,299,509	1,298,287	1,222
Total revenues	<u>26,744,770</u>	<u>25,331,161</u>	<u>1,413,609</u>
Expenses:			
Operating expenses	22,746,700	21,218,983	1,527,717
Depreciation	4,350,053	4,068,743	281,310
Non-operating expenses	790,753	706,683	84,070
Total expenses	<u>27,887,506</u>	<u>25,994,409</u>	<u>1,893,097</u>
Capital contributions	<u>45,853</u>	<u>85,821</u>	<u>(39,968)</u>
Change in net position	(1,096,883)	(577,427)	(519,456)
Net position:			
Beginning of year	68,957,021	69,534,448	(577,427)
Restatement due to implemntation of GASB 75	(5,139,407)	-	(5,139,407)
End of year	<u>\$ 62,720,731</u>	<u>\$ 68,957,021</u>	<u>\$ (6,236,290)</u>

The statements of revenues, expenses and changes of net position reflect how the District's net position changed during the fiscal year. In the case of the District, the District's change in net position decreased by \$6,236,290 and decreased by \$577,427, respectively, for the fiscal years ended June 30, 2018 and 2017.

El Toro Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2018

Total Revenues

Operating revenues:	June 30, 2018	June 30, 2017	Change
Water consumption sales	\$ 9,459,453	\$ 8,635,462	\$ 823,991
Water service charges	4,325,454	4,177,505	147,949
Sewer service charges	11,085,710	10,759,981	325,729
Standby charges	418	1,525	(1,107)
Reimbursements from others	403,445	331,179	72,266
Other charges for services	170,781	127,222	43,559
Total operating revenues	25,445,261	24,032,874	1,412,387
Non-operating revenues:			
Property taxes	927,672	888,973	38,699
Rental revenue	188,183	181,491	6,692
Investment earnings	124,001	75,113	48,888
Other non-operating revenue	59,653	152,710	(93,057)
Total non-operating revenues	1,299,509	1,298,287	1,222
Total revenue	\$ 26,744,770	\$ 25,331,161	\$ 1,413,609

In 2018, the District's operating revenues increased 5.88%, or \$1,412,387, primarily due to a \$823,991 increase in water consumption sales and a \$325,729 increase in sewer services.

Total Expenses

Operating expenses:	June 30, 2018	June 30, 2017	Change
Source of supply	\$ 8,294,019	\$ 7,435,534	\$ 858,485
Pumping	1,491,273	1,460,096	31,177
Water treatment	3,567,648	3,380,526	187,122
Transmission and distribution	5,035,094	5,037,124	(2,030)
Customer service	686,217	694,479	(8,262)
General and administrative	3,672,449	3,211,224	461,225
Total operating expenses	22,746,700	21,218,983	1,527,717
Depreciation	4,350,053	4,068,743	281,310
Non-operating expenses:			
Interest expense	790,753	706,683	84,070
Total non-operating expenses	790,753	706,683	84,070
Total expenses	\$ 27,887,506	\$ 25,994,409	\$ 1,893,097

In 2018, the District's operating expenses before depreciation increased 7.20%, or \$1,527,717 primarily due to an increase in source of supply of \$858,485 and General and administrative of \$461,225.

El Toro Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2018

Capital Assets

Capital asset balances were as follows:

Description	June 30, 2018	June 30, 2017
Non-depreciable assets	\$ 12,888,375	\$ 9,293,359
Depreciable assets	154,242,110	152,232,271
Accumulated depreciation	(71,020,532)	(66,782,442)
Total capital assets, net	<u>\$ 96,109,953</u>	<u>\$ 94,743,188</u>

At the end of fiscal years 2018 and 2017, the District's investment in capital assets amounted to \$96,109,953 and \$94,743,188 (net of accumulated depreciation), respectively. This investment in capital assets includes land, transmission and distribution systems, buildings, equipment, vehicles and construction-in-process, etc. (See Note 3 for further information)

Debt Administration

Long-term debt balances were as follows:

Description	June 30, 2018	June 30, 2017
Loans payable	\$ 35,808,985	\$ 37,548,623
Total long-term debt	<u>\$ 35,808,985</u>	<u>\$ 37,548,623</u>

See Note 5 for further information on the long-term debt administration.

Conditions Affecting Current Financial Position

Management is unaware of any conditions which could have a significant impact on the Authority's current financial position, net position, or operating results in terms of past, present and future.

Requests for Information

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact El Toro Water District at 24251 Los Alisos Boulevard, Lake Forest, California.

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BASIC FINANCIAL STATEMENTS

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El Toro Water District
Statement of Net Position
June 30, 2018

ASSETS

Current assets:

Cash and cash equivalents (Note 2)	\$ 3,380,895
Investments (Note 2)	9,019,914
Accrued interest receivable	64,229
Accounts receivable – water sales and sewer services	3,125,385
Accounts receivable – grants	84,542
Accounts receivable – other	2,501
Property taxes receivable	8,413
Materials and supplies inventory	659,179
Prepaid items	205,008
Total current assets	16,550,066

Non-current assets:

Restricted – cash and cash equivalents (Note 2)	1,648,811
Capital assets – not being depreciated (Note 3)	12,888,375
Capital assets, net – being depreciated (Note 3)	83,221,578
Total non-current assets	97,758,764
Total assets	\$ 114,308,830

LIABILITIES

Current liabilities:

Accounts payable and accrued expenses	\$ 2,679,399
Accrued salaries and related payables	237,515
Customer deposits and unearned revenue	56,283
Accrued interest payable	295,535
Long-term liabilities – due within one year:	
Compensated absences (Note 4)	440,556
Loans payable (Note 5)	1,782,485
Total current liabilities	5,491,773

Non-current liabilities:

Long-term liabilities – due in more than one year:	
Compensated absences (Note 4)	878,063
Net other post-employment benefits liability (Note 7)	11,191,763
Loans payable (Note 5)	34,026,500
Total non-current liabilities	46,096,326
Total liabilities	51,588,099

NET POSITION

Net investment in capital assets (Note 8)	60,300,968
Restricted – capital projects	45,853
Restricted – debt service	1,602,958
Unrestricted	770,952
Total net position	\$ 62,720,731

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El Toro Water District
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2018

Operating revenues:	
Water consumption sales	\$ 9,459,453
Water service charges	4,325,454
Sewer service charges	11,085,710
Standby charges	418
Reimbursements from others	403,445
Other charges for services	170,781
Total operating revenues	<u>25,445,261</u>
Operating expenses:	
Source of supply	8,294,019
Pumping	1,491,273
Treatment	3,567,648
Transmission and distribution	5,035,094
Customer service	686,217
General and administrative	3,672,449
Total operating expenses	<u>22,746,700</u>
Operating income before depreciation	2,698,561
Depreciation expense	<u>(4,350,053)</u>
Operating (loss)	<u>(1,651,492)</u>
Non-operating revenues(expenses):	
Property taxes	927,672
Rental revenue	188,183
Investment earnings	124,001
Interest expense	(790,753)
Other non-operating revenue	59,653
Total non-operating revenues, net	<u>508,756</u>
Net (loss) before capital contributions	(1,142,736)
Capital contributions:	
Capital grants	45,853
Total capital contributions	<u>45,853</u>
Change in net position	(1,096,883)
Net position:	
Beginning of year, as restated (Note 11)	63,817,614
End of year	<u><u>\$ 62,720,731</u></u>

See accompanying Notes to the Basic Financial Statements.

El Toro Water District
Statement of Cash Flows
For the Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash receipts from customers for water sales and services	\$ 25,308,470
Cash paid to employees for salaries and wages	(7,974,791)
Cash paid to vendors and suppliers for materials and services	(13,640,499)
Net cash provided by operating activities	<u>3,693,180</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Proceeds from property taxes	928,668
Net cash provided by non-capital financing activities	<u>928,668</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition and construction of capital assets	(5,716,818)
Capital contributions	8,291
Principal paid	(1,739,638)
Interest paid	(805,729)
Net cash (used in) capital and related financing activities	<u>(8,253,894)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from investment earnings	115,434
Proceeds from rental income	188,183
Net cash provided by investing activities	<u>303,617</u>

Net (decrease) in cash and cash equivalents	(3,328,429)
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CASH AND CASH EQUIVALENTS:

Beginning of year	17,378,049
End of year	<u>\$ 14,049,620</u>

CASH AND CASH EQUIVALENTS:

Cash and investments	\$ 12,400,809
Restricted – cash and investments	1,648,811
Total cash and investments	<u>\$ 14,049,620</u>

El Toro Water District
Statement of Cash Flows (Continued)
For the Year Ended June 30, 2018

**RECONCILIATION OF NET OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

Net Operating (Loss)	\$ (1,651,492)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation expense	4,350,053
Other non-operating revenue	59,653
Changes in operating assets and liabilities	
Accounts receivable – water sales and sewer services	(199,726)
Accounts receivable – other	209
Materials and supplies inventory	(96,729)
Prepaid items	(6,123)
Accounts payable and accrued expenses	808,172
Accrued salaries and related payables	(8,678)
Customer deposits and unearned revenue	3,073
Compensated absences	(5,788)
Other postemployment benefits liability	440,556
Net cash provided by operating activities	\$ 3,693,180

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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El Toro Water District
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

Organization and Operations of the Reporting Entity

El Toro Water District (District) was organized in September 1960, under provisions of the County Water District Act (Sections 34000 et. seq. of the Water Code of the State of California). The District is governed by a Board of Directors made up of five members elected by the qualified voters in the District. The purpose of the District is to finance, construct, operate and maintain a water and wastewater system to serve properties within the District's boundaries.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of U.S. GAAP. The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable for a component that has substantively the same governing body as the District's governing body, and additionally (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility for the activities of the component unit.

The El Toro Water District Public Facilities Corporation (Corporation) was organized on May 21, 1993 pursuant to the Non-Profit Public Benefit Corporation Law of the State of California (Title 1, Division 2, Part 2 of the California Corporation Code), solely for the purpose of providing financial assistance to the District. The Corporation, an entity legally separate from the District, is governed by substantially all the board members of the District. The Corporation is inactive at this time.

Basis of Presentation

Financial statement presentation follows the recommendations promulgated by the Governmental Accounting Standards Board (GASB) commonly referred to as accounting principles generally accepted in the United States of America (U.S. GAAP). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Financial Statements (i.e., statement of net position, the statement of revenues, expenses and changes in net position, and statement of cash flows) report information on all of the activities of the primary government. The District accounts for its operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services on a continuing basis be financed or recovered primarily through member assessments and charges for services; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Financial Statements are reported using the “*economic resources*” measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities they also include disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

Restricted Assets

Amounts shown as restricted assets have been restricted by either debt indenture, by law, or contractual obligations to be used for specified purposes, such as servicing debt and/or construction of capital assets.

Accounts Receivable

The District extends credit to customers in the normal course of operations. Management deems all accounts receivable as collectible at year-end. Accordingly, an allowance for doubtful accounts has not been provided in the accompanying basic financial statements.

Prepaid Items

Certain payments to vendors reflects costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Materials and Supplies Inventory

Materials and supplies inventory consist of expendable supplies and are valued at the lower of cost or market using first-in first-out basis.

Property Taxes

The Orange County Assessor's Office assesses all real and personal property within the County each year. The Orange County Tax Collector's Offices bills and collects the District's share of property taxes. The Orange County Auditor-Controller's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations. Property taxes receivable at year-end are related to property taxes collected by the Orange County which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien date	January 1
Levy date	July 1
Due dates	November 10 and February 10
Collection dates	December 11 and April 11

Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at acquisition cost at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

	<u>Estimated Useful Life</u>
Building	25 to 40 years
Vehicles	5 to 25 years
Office furniture and equipment	5 to 10 years
Computer software	5 to 10 years
Land improvements	20 to 50 years
Water Facilities:	
Reservoir	100 years
Transmission and distribution	20 to 60 years
Filtration plant	30 to 40 years
Other plant and equipment	5 to 15 years
Sanitation Facilities:	
Collection and transmission	15 to 50 years
Treatment and disposal plant	15 to 30 years
Other plant and equipment	5 to 15 years

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Construction-in-Process

The cost of acquisition and construction of major plant and equipment is recorded as construction in process (CIP). As facilities are constructed by the District and become operative, they are transferred from CIP to the plant and equipment accounts, or are expensed if determined that the cost does not meet the requirements of the capitalization policy.

Compensated Absences

The District's policy is to permit employees hired prior to July 1, 1997 to accumulate earned vacation up to a total of 160 hours and employees hired after July 1, 1997 to accumulate earned vacation up to a total of 240 hours, with amounts exceeding the limit being paid out as part of the employee's current regular compensation.

The District's sick leave policy is to permit employees to accumulate sick leave up to a total of 960 hours. At the end of each calendar year, any amounts exceeding the limit will be transferred to vacation time for employees hired prior to July 1, 1997 and paid out 50% to those hired after July 1, 1997 at the employee's current regular compensation rate. A factor of 5% times the number of complete years of employment will be applied to the hours accumulated over 960 hours to determine the number of hours to be transferred or paid out.

Other Postemployment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Retiree Benefits Plan ("OPEB Plan") and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost.

The following timeframes are used for OPEB reporting:

For the Year Ended	June 30, 2018
Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt against the acquisition, construction or improvement of those assets.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of the net amount of assets that are not included in the determination of *restricted* or *investment in capital assets, net of related debt*.

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

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Water Sales and Sewer Services

Water sales and sewer services are billed on a monthly cyclical basis and recognize the respective revenues when they are earned.

Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies or real estate developers desiring services that require capital expenditures or capacity commitment.

Implementation of new GASB pronouncements

During fiscal year ended June 30, 2018, the District has implemented the following new GASB Pronouncements:

GASB Statement No. 75 - In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement applies to government employers who provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This statement basically parallels GASB Statement 68 and replaces GASB Statement 45. Application of this statement is effective for the District's fiscal year ending June 30, 2018.

GASB Statement No. 81 - In December 2015, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split -interest agreement recognize assets, liabilities and deferred inflows of resources at the inception of the agreement. Furthermore, the Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interest. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. Application of this statement is effective for the District's fiscal year ending June 30, 2018.

GASB Statement No. 82 - In December 2015, GASB issued Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*. This Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures of those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). Application of this statement is effective for District's fiscal year ending June 30, 2018.

GASB Statement No. 85 - In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. This statement addresses practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of areas including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). Application of this statement is effective for the District's fiscal year ending June 30, 2018.

GASB Statement No. 86 - In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Application of this statement is effective for the District's fiscal year ending June 30, 2018.

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Cash and Investments

At June 30, 2018, cash and investments were classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 3,380,895
Investments	9,019,914
Restricted – cash and cash equivalents	1,648,811
Total	\$ 14,049,620

At June 30, 2018, cash and investments consisted of the following:

Cash on hand	\$ 700
Demand deposits held with financial institutions	554,365
Investments	13,494,555
Total	\$ 14,049,620

Demand Deposits

At June 30, 2018, the carrying amount of the District's demand deposits was \$554,365, and the financial institution balance was \$631,584. The \$77,219 net difference as of June 30, 2018 represents outstanding checks, deposits-in-transit and/or other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC.

The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.

Investments

The District's investments as of June 30, 2018 were as follows:

Type of Investments	Measurement Input	Credit Rating Moody's	June 30, 2018 Fair Value	Maturity
				12 Months or Less
Local Agency Investment Fund (LAIF)	Uncategorized	N/A	\$ 4,474,641	\$ 4,474,641
California Asset Management Program (CAMP) Pool	Level 2	N/A	9,019,914	9,019,914
Total investments			\$ 13,494,555	\$ 13,494,555

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Cash and Investments (Continued)

Authorized Deposits and Investments

The table below identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
State on local agency bonds	5-years	None	None
U.S. treasury obligations	5-years	None	None
Government sponsored agency securities	5-years	None	None
Banker's acceptances	270 days	30%	30%
Corporate medium-term notes	5-years	30%	None
Commercial paper	180 days	30%	10%
Negotiable certificates of deposit	5-years	30%	None
Mortgage pass-through securities	5-years	20%	None
Money market mutual funds	5-years	20%	20%
Collateralized bank deposits	None	None	None
California Local Agency Investment Fund (LAIF)	None	\$50 million	None
California Asset Management Program (CAMP)	None	50%	None

Investment in California – Local Agency Investment Fund (LAIF)

The District is a voluntary participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the entity's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Further information about LAIF is available on the California State Controller's website: www.treasurer.ca.gov/pmia-laif/

The District's investments with LAIF at June 30, 2018 included a portion of the pool funds invested in structured notes and asset-backed securities:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

The District had \$4,474,641 invested in LAIF, which had invested 2.67% of the pooled investment funds as of June 30, 2018, in structured notes and medium-term asset-backed securities. The LAIF fair value factor of 0.998126869 was used to calculate the fair value of the investments in LAIF as of June 30, 2018.

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Cash and Investments (Continued)

Investment in California Asset Management Program (CAMP)

The California Asset Management Program (CAMP) is a public joint powers authority which provides California Public Agencies with investment management services for surplus funds and comprehensive investment management, accounting and arbitrage rebate calculation services for proceeds of tax-exempt financings. The CAMP currently offers the Cash Reserve Portfolio, a short-term investment portfolio, as a means for Public Agencies to invest these funds. Public Agencies that invest in the Pool (Participants) purchase shares of beneficial interest. Participants may also establish individual, professionally managed investment accounts (Individual Portfolios) by separate agreement with the Investment Advisor.

The District has a separate account with the Investment Advisor to manage the District's CAMP portfolio which consists of \$9,019,914 at June 30, 2018.

Fair Value Measurement Input

The District categorizes its fair value measurement inputs within the fair value hierarchy established by generally accepted accounting principles. The District has presented its measurement inputs as noted in the table above.

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's investment policy requires that collateral be held by an independent third party with whom the District has a current custodial agreement.

The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's investment policy requires that all security transactions are conducted on a delivery-versus-payment (DVP) method and that all securities are held by a qualified, third-party custodian, as evidenced by safekeeping receipts. The trust department of the District's bank may act as third-party custodian, provided that the custodian agreement is separate from the banking agreement. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a credit rating by a nationally recognized statistical rating organization. The District has utilized Moody's for its investment credit ratings. As of June 30, 2018, the District has presented its investment security credit rating ranges as noted in the table above.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The District has elected to use the segmented time distribution method of disclosure for the maturities of its investments as related to interest rate risk as noted in the table above.

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Cash and Investments (Continued)

Concentration of Credit Risk

The District's investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. There were no investments in any one governmental or non-governmental issuer that represented 5% or more of the District's total investments except for those in LAIF and CAMP.

Note 3 – Capital Assets

Major capital assets additions during the year include upgrades and extensions of the District's water and wastewater pumping, water transmission and distribution systems and plant facilities in the following schedules:

Changes in capital assets for the year ended June 30, 2018 were as follows:

Description	Balance July 1, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Non-depreciable assets:					
Land	\$ 7,451,586	\$ -	\$ -	\$ -	\$ 7,451,586
Construction-in-process	1,841,773	4,518,303	-	(923,287)	5,436,789
Total non-depreciable assets	9,293,359	4,518,303	-	(923,287)	12,888,375
Depreciable assets:					
Capacity rights	342,382	-	-	-	342,382
Sources of supply	19,968,006	-	-	-	19,968,006
Pumping	21,633,019	134,735	-	-	21,767,754
Treatment	38,512,495	391,194	-	218,710	39,122,399
Transmission and collection	58,879,960	167,046	-	4,260	59,051,266
General plant facilities	12,896,409	505,540	(111,963)	700,317	13,990,303
Total depreciable assets	152,232,271	1,198,515	(111,963)	923,287	154,242,110
Accumulated depreciation:					
Capacity rights	(226,003)	(6,846)	-	-	(232,849)
Sources of supply	(10,406,642)	(370,980)	-	-	(10,777,622)
Pumping	(10,528,787)	(918,214)	-	-	(11,447,001)
Treatment	(24,542,264)	(1,354,463)	-	-	(25,896,727)
Transmission and collection	(10,373,397)	(1,215,883)	-	-	(11,589,280)
General plant facilities	(10,705,349)	(483,667)	111,963	-	(11,077,053)
Total accumulated depreciation	(66,782,442)	(4,350,053)	111,963	-	(71,020,532)
Total depreciable assets, net	85,449,829	(3,151,538)	-	923,287	83,221,578
Total capital assets, net	\$ 94,743,188	\$ 1,366,765	\$ -	\$ -	\$ 96,109,953

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 3 – Capital Assets (Continued)

Construction-In-Process

The District is involved in various construction projects throughout the year. Once completed, those projects are capitalized and depreciated over the life of the asset. The balance of construction-in-process was \$5,436,789 as of June 30, 2018.

Construction-in-process consisted of the following projects as of June 30, 2018:

<u>Project Description</u>	
Oso Lift Station Improvement	\$ 192,360
Recycled water distribution system expansion	5,196,865
Various other minor projects <\$100,000	47,564
Total construction-in-progress	<u>\$ 5,436,789</u>

Note 4 – Compensated Absences

Changes to compensated absences for the year ended June 30, 2018 was as follows:

<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>	<u>Current Portion</u>	<u>Non-current Portion</u>
\$ 1,324,406	\$ 447,443	\$ (453,230)	\$ 1,318,619	\$ 440,556	\$ 878,063

Note 5 – Long-Term Debt

Changes to long-term debt for the year ended June 30, 2018 was as follows:

<u>Description</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>	<u>Amount Due Within One Year</u>	<u>Amount Due In More Than One Year</u>
Loans payable:						
Main extension contract	\$ 6,180	\$ -	\$ -	\$ 6,180	\$ 6,180	\$ -
SRF Loan – 2010	3,149,677	-	(173,105)	2,976,572	177,778	2,798,794
SRF Loan – 2013	24,677,731	-	(1,183,437)	23,494,294	1,203,555	22,290,739
Baker water treatment plant – refinance loan	9,715,035	-	(383,096)	9,331,939	394,972	8,936,967
Total loans payable	<u>\$ 37,548,623</u>	<u>\$ -</u>	<u>\$ (1,739,638)</u>	<u>\$ 35,808,985</u>	<u>\$ 1,782,485</u>	<u>\$ 34,026,500</u>

Main Extension Contracts

The Main Extension Contracts are payable to the developers without interest. The payments are based on a percentage of revenue received from units served by the water main. The contracts must be repaid in not more than 25 years, but may be paid off in advance at the option of the District. The outstanding balance at June 30, 2018 was \$6,180.

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 5 – Long-Term Debt (Continued)

State Revolving Fund Loan 2010 – Northline Lift Station Improvement Project

In October 2010, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for a State Revolving Fund Loan (SRF Loan) in an amount of \$3,918,590 for the Northline Lift Station Improvement project. The loan carries an interest rate of 2.70% per annum. The loan is scheduled to mature in 2032. Principal and interest are payable annually at the interest rate of 2.70%.

Future annual debt service requirements on the loan are as follows:

Fiscal Year	Principal	Interest	Total
2019	\$ 177,778	\$ 80,368	\$ 258,146
2020	182,578	75,568	258,146
2021	187,508	70,638	258,146
2022	192,571	65,575	258,146
2023	197,770	60,376	258,146
2024-2028	1,071,890	218,840	1,290,730
2029-2032	966,477	66,107	1,032,584
Total	\$ 2,976,572	\$ 637,472	\$ 3,614,044

State Revolving Fund Loan 2013 – Recycled Water Treatment Plan Project

In February 2013, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for a State Revolving Fund Loan (SRF Loan) in an amount of \$28,002,378 with an interest rate of 1.70% per annum for the Recycled Water Treatment Plan project. The loan is scheduled to mature in 2035. Principal and interest are payable annually at the interest rate of 1.70%.

Future annual debt service requirements on the loan are as follows:

Fiscal Year	Principal	Interest	Total
2019	\$ 1,203,555	\$ 399,403	\$ 1,602,958
2020	1,224,015	378,943	1,602,958
2021	1,244,824	358,134	1,602,958
2022	1,265,986	336,972	1,602,958
2023	1,287,507	315,451	1,602,958
2024-2028	6,773,389	1,241,401	8,014,790
2029-2033	7,369,039	645,751	8,014,790
2034-2035	3,125,979	81,547	3,207,526
Total	\$ 23,494,294	\$ 3,757,602	\$ 27,251,896

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 5 – Long-Term Debt (Continued)

Baker Water Treatment Plant Agreement and Refinance Loan

In December 2013, the District entered into the Baker Water Treatment Plant Agreement, along with five other public entities relating to the Baker treatment plant. In January 2014, the District entered into an installment sale agreement with the Irvine Ranch Water District (IRWD) for the purchase of the District's portion of rights, title and interest to the capacity, not-to-exceed the amount of \$12,500,000. As of June 30, 2018, construction costs used for the project were \$8,936,967 and also accrued as a long-term debt liability on the financial statements.

In 2017, the District refinanced IRWD's installment sale agreement with a loan from Texas Capital Bank for \$9,715,035 with an interest rate of 3.10%. The loan is scheduled to mature in 2036. Principal and interest are payable annually at the interest rate of 3.10%.

Future annual debt service requirements on the loan are as follows:

Fiscal Year	Principal	Interest	Total
2019	\$ 394,972	\$ 289,290	\$ 684,262
2020	407,217	277,046	684,263
2021	419,840	264,422	684,262
2022	432,855	251,407	684,262
2023	446,274	237,989	684,263
2024-2028	2,447,666	973,647	3,421,313
2029-2033	2,851,317	569,996	3,421,313
2034-2036	1,931,798	120,990	2,052,788
Total	<u>\$ 9,331,939</u>	<u>\$ 2,984,787</u>	<u>\$ 12,316,726</u>

Note 6 – Defined Contribution and Deferred Compensation Plans

The District contributes to the El Toro Water District Retirement Savings Plan and Trust (the Plan), which is qualified defined contribution pension plan under Section 401(a) and 401(k) of the Internal Revenue Code. The Plan is administered by the District. The District's Board of Directors has approved the funding of this benefit and may change the percentage as deemed necessary.

As of February 1, 2016, the District executed an amendment to the Plan authorizing the District (as Employer) to match an amount equal to 75% of each participant's contributions to either 401(k) or 457 Plans, but no more than 10% of their annual compensation. The District's contributions are limited to deposits toward the 401(k) plan only.

In addition, the District contributes an amount equal to 9% of compensation for a plan year, for all qualified participants regardless of whether they are employee on the last day of the plan year, and regardless of whether they made any salary deferrals to the plan. Employees are immediately vested in the employer contributions. District contributions were \$909,909 as of June 30, 2018.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of the plan assets held in trust at June 30, 2018 were \$20,286,055.

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 6 – Defined Contribution and Deferred Compensation Plans (Continued)

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not presented in the accompanying financial statements.

Note 7 – Other Post-Employment Benefits

Plan Description

The District pays all or a portion of the cost of health insurance for retirees (including prescription drug benefits) under any group plan offered by the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA) Health Program, subject to certain restrictions as determined by the District. The District's plan is an agent multiple-employer plan.

Benefits

The District offers postemployment medical benefits to retired employees who satisfy the eligibility rules. Certain spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any medical plan available through the District's Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA) Health Program, a cost-sharing multiple-employer medical coverage plan. The contribution requirements of eligible retired employees and the District are established and may be amended by the Board of Directors.

Employees Covered

As of the June 30, 2018 actuarial valuation, the following current and former employees were covered by the benefit terms:

Active employees	59
Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to, but not yet receiving benefits	-
Total	<u>78</u>

Contribution

The obligation of the District to contribute to the plan is established and may be amended by the Board of Directors. The contribution required to be made is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2018, contributions were made totaling \$228,570.

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 7 – Other Post-Employment Benefits (Continued)

Actuarial Assumptions

The total OPEB liability, measured as of June 30, 2017, was determined using the following actuarial assumptions:

Actuarial Valuation Date	June 30, 2017
Discount Rate	3.8% net of expenses at June 30, 2017
Health Care Trend	4% per year
Salaries increases	2.75% per year
Inflation	2.75% per year
Mortality Rate	2014 CalPERS Active Mortality for Miscellaneous Employees
Retirement Rate	2009 CalPERS 2.0% @ 60 Rates for Miscellaneous Employees
Services Requirement	
Hired before 6/1/2018	100% at 10 Years of Services
Hired on or after 6/1/2018	100% at 20 Years of Services
Costs for Retiree Coverage	Future Retiree
	Pre-65 Post-65
Hired on or after 6/1/2018	\$ 11,262 \$ 5,621
Hired before 6/1/2018	\$ 2,053 \$ 9,675
Participation Rates	
<65 Non-Medicare Participation %	95%
65+ Medicare Participation %	95%
Turnover	2009 CalPERS Turnover for Miscellaneous Employees
Spouse Prevalence	80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.80% percent. This discount rate is the Bond Buyer 20-Bond GO index.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2017:

Plan's Total OPEB Liability		
Discount Rate -1% (2.80%)	Current Discount Rate (3.80%)	Discount Rate +1% (4.80%)
\$ 13,073,145	\$ 11,191,763	\$ 9,680,102

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 7 – Other Post-Employment Benefits (Continued)

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates, for the measurement period ended June 30, 2017:

Plan's Total OPEB Liability		
	Healthcare Cost	
-1%	Tread Rate	+1%
\$ 9,709,495	\$ 11,191,763	\$ 12,962,612

Change in Total OPEB Liability

Balance at June 30, 2016	\$ 10,751,207
Changes Recognized for the Measurement Period:	
Service Cost	260,117
Interest on the total OPEB liability	409,009
Changes in benefit terms	-
Difference between expected and actual experience	-
Changes in assumptions	-
Contribution from the employer	-
Net investment income	-
Administrative expenses	-
Benefit payments	(228,570)
Net changes during July 1, 2016 to June 30, 2017	440,556
Balance at June 30, 2017	\$ 11,191,763

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

For the year ended June 30, 2018, OPEB expense in the amount of \$669,126 is included in the accompanying statement of activities. For the year ended June 30, 2018, the District did not reported any deferred outflows or inflows of resources related to OPEB due to initial valuation of OPEB under GASB Statement No. 75.

Note 8 – Net Position

Net investment in capital assets consisted of the following:

Description	
Net investment in capital assets:	
Capital assets – not being depreciated	\$ 12,888,375
Capital assets, net – being depreciated	83,221,578
Loans payable – current	(1,782,485)
Loans payable – non-current	(34,026,500)
Total net investment in capital assets	\$ 60,300,968

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 9 – Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2018, the District participated in the liability and property programs of the ACWA/JPIA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$2,000,000, combined single limit at \$2,000,000 per occurrence. The JPIA purchases additional excess coverage layers: \$60 million per occurrence for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.

In addition to the above, the District also has the following insurance coverage:

- Employee dishonesty coverage up to \$1,500,000 with a \$5,000 deductible per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverage.
- Property loss coverage is up to \$100,000,000 with a \$1,000 deductible; the ACWA/JPIA is self-insured up to \$50,000 and excess insurance has been purchased.
- Underground Storage Tank Pollution Liability, the District is insured up to \$1,000,000 with a \$10,000 deductible; the Authority is self-insured up to \$500,000 and excess insurance coverage has been purchased to cover losses ranging from \$500,000 to \$1,000,000.
- Dam failure liability coverage up to \$20.0 million per occurrence; the ACWA/JPIA is self-insured up to \$50,000 and excess insurance coverage has been purchased.
- Workers' compensation insurance up to California statutory limits for all work related injuries/illnesses covered by California law. The ACWA/JPIA is self-insured up to \$2.0 million and excess insurance coverage has been purchased.

Settled claims have not exceeded any of the coverage amounts and there were no reductions in the District's insurance coverage during the year ending June 30, 2018. Liabilities are recorded when it is probable that a loss has been incurred, and the amount of the loss can be reasonably estimated net of the respective insurance coverage.

Liabilities include an amount for claims that have been incurred but not reported (IBNR). There was no IBNR claims payable as of June 30, 2018.

Note 10 – Commitments and Contingencies

Construction Contracts

The District has a variety of agreements with private parties relating to the installation, improvement or modification of water and wastewater facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from the District's replacement reserves and capital contributions.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Prior Period Adjustments

Due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recorded a prior period adjustment to retrospective report the beginning balance of the Total Other Postemployment Benefits Liability. Accordingly, the net position as of July 1, 2017 was restated as follows:

Net Position, as originally reported	\$ 68,957,021
Restatement:	
Due to implementation of GASB 75	<u>(5,139,407)</u>
Net Position, as restated	<u><u>\$ 63,817,614</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

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El Toro Water District
Required Supplementary Information
For the Year Ended June 30, 2018

Note 1- Schedule of Changes in Total OPEB Liability and Related Ratio

Ten –Year Schedule

	2018
For the Measurement Period:	2016-2017
Total OPEB Liability:	
Service Cost	\$ 260,117
Interest on the total OPEB liability	409,009
Changes in benefit terms	-
Difference between expected and actual experience	-
Changes in assumptions	-
Contribution from the employer	-
Benefit payments	(228,570)
	440,556
Net changes in Total OPEB Liability	440,556
Beginning of Year	10,751,207
End of Year	\$ 11,191,763
Plan Fiduciary Net Position:	
Employer contribution	\$ 228,570
Employee contributions	-
Net investment income	-
Administrative expenses	-
Benefit payments	(228,570)
Other	-
	-
Net changes in Fiduciary Net Position	-
Beginning of Year	-
End of Year	\$ -
Net OPEB Liability	\$ 11,191,763
Fiduciary Net Position as a % of Total OPEB Liability	0.00%
Covered Payroll	\$ 5,696,461
Net OPEB Liability as a % of Payroll	196.47%

GASB 75 was implemented in fiscal year 2018, therefore only one year data is presented.

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STATISTICAL SECTION

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**El Toro Water District
Index to the Statistical Section
For the Year Ended June 30, 2018**

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

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These schedules contain information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	59
These schedules contain information to help the reader assess the District's most significant own-source revenue, water sales.	
Debt Capacity	66
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic Information	68
This schedule offers demographic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	71
This schedule contains service and infrastructure data to help the reader understand how the information in the District's financial report relates to the service the District provides.	

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El Toro Water District
Changes in Net Position and Net Position by Component
Last Ten Fiscal Years

	Fiscal Year				
	2009	2010	2011	2012	2013
Changes in net position:					
Operating revenues ^(see Schedule 2)	\$ 17,899,450	\$ 18,619,690	\$ 19,483,679	\$ 21,323,356	\$ 22,592,576
Operating expenses ^(see Schedule 3)	(19,193,622)	(20,476,460)	(21,120,634)	(22,010,956)	(22,785,966)
Operating income (loss)	(1,294,172)	(1,856,770)	(1,636,955)	(687,600)	(193,390)
Non-operating revenues (expenses)					
Property Taxes Ad-Valorem	735,906	715,968	690,711	691,377	753,865
Rental revenue	-	-	-	-	-
Investment earnings	669,632	335,679	268,749	208,446	124,439
Interest expense	(748,153)	(647,011)	(521,469)	(487,724)	(327,684)
Other non-operating revenues	418,911	374,266	347,260	527,254	463,981
Other non-operating expenses	-	-	-	-	(1,571,619) ⁽¹⁾
Total non-operating revenues(expenses), net	1,076,296	778,902	785,251	939,353	(557,018)
Net income before capital contributions	(217,876)	(1,077,868)	(851,704)	251,753	(750,408)
Capital contributions	368,603	76,396	105,199	124,071	3,092,146
Changes in net position	\$ 150,727	\$ (1,001,472)	\$ (746,505)	\$ 375,824	\$ 2,341,738
Net position by component:					
Net investment in capital assets	\$ 42,688,205	\$ 43,164,937	\$ 44,623,580	\$ 45,207,184	\$ 53,386,647
Restricted:					
Debt Service	3,113,524	3,438,994	3,646,427	3,888,332	3,326,941
Capital Projects	1,067,938	960,095	1,010,945	1,221,358	29,640
Total restricted	4,181,462	4,399,089	4,657,372	5,109,690	3,356,581
Unrestricted	20,543,133	18,847,302	16,383,871	15,723,773	11,639,157
Total net position	\$ 67,412,800	\$ 66,411,328	\$ 65,664,823	\$ 66,040,647	\$ 68,382,385

El Toro Water District
Changes in Net Position and Net Position by Component (Continued)
Last Ten Fiscal Years

	Fiscal Year				
	2014	2015	2016	2017	2018
Changes in net position:					
Operating revenues ^(see Schedule 2)	\$ 23,188,691	\$ 23,124,200	\$ 22,516,781	\$ 24,032,874	\$ 25,445,261
Operating expenses ^(see Schedule 3)	(24,484,521)	(24,469,909)	(23,990,984)	(25,287,726)	(27,096,753)
Operating income (loss)	(1,295,830)	(1,345,709)	(1,474,203)	(1,254,852)	(1,651,492)
Non-operating revenues (expenses)					
Property Taxes Ad-Valorem	774,568	815,554	843,301	888,973	927,672
Rental revenue	165,282 ⁽²⁾	246,196	172,665	181,491	188,183
Investment earnings	51,881	76,804	147,447	75,113	124,001
Interest expense	(185,655)	(132,375)	(397,680)	(706,683) ⁽³⁾	(790,753)
Other non-operating revenues	56,564	218,824	188,701	152,710	59,653
Other non-operating expenses	-	-	-	-	-
Total non-operating revenues(expenses), net	862,640	1,225,003	954,434	591,604	508,756
Net income before capital contributions	(433,190)	(120,706)	(519,769)	(663,248)	(1,142,736)
Capital contributions	1,648,257	-	577,471	85,821	45,853
Changes in net position	\$ 1,215,067	\$ (120,706)	\$ 57,702	\$ (577,427)	\$ (1,096,883)
Net position by component:					
Net investment in capital assets	\$ 57,218,606	\$ 52,204,625	\$ 57,306,311	\$ 57,194,565	\$ 60,300,968
Restricted:					
Debt Service	2,772,564	2,285,068	1,602,958	1,602,958	1,602,958
Capital Projects	83,771	571,268	577,471	23,081	45,853
Total restricted	2,856,335	2,856,336	2,180,429	1,626,039	1,648,811
Unrestricted	9,522,511	14,415,785	10,047,708	10,136,417	770,952 ⁽⁴⁾
Total net position	\$ 69,597,452	\$ 69,476,746	\$ 69,534,448	\$ 68,957,021	\$ 62,720,731

(1) Refund to Golden Rain Foundation the Sinking fund balance in connection with the agreement that ETWD to provide Disinfected Tertiary Recycled Water for irrigation within the Laguna Woods Village Golf Course.

(2) In FY 13/14 the District created a separate line item for cell tower rental income. In the prior years this revenue was included with other non-operating revenues.

(3) Starting with FY 16/17 expenses included the Baker Water Treatment Plant loan interests with Texas Capital.

(4) The decrease in Unrestricted due to the implementation of GASB Statement No. 75 in recording OPEB liability.

**El Toro Water District
Operating Revenues by Source
Last Ten Fiscal Years**

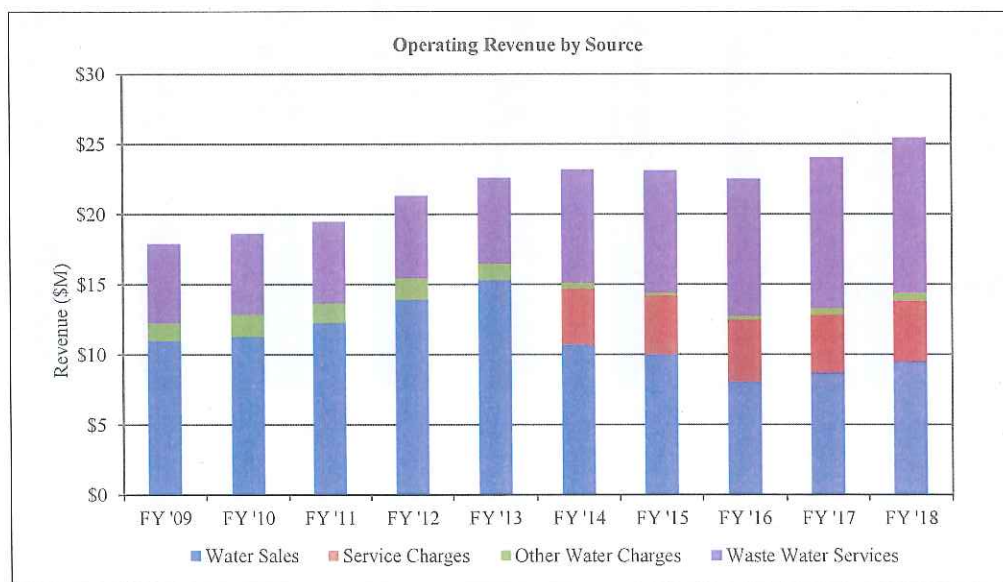
Fiscal Year	Water Sales	Service Charges	Other Water Charges	Waste Water Services	Total Operating Revenue
2009	10,979,651	-	1,249,794	5,670,005	17,899,450
2010	11,279,626	-	1,559,956	5,780,108	18,619,690
2011	12,247,255	-	1,387,466	5,848,958	19,483,679
2012	13,902,298	-	1,538,758	5,882,300	21,323,356
2013	15,293,372	-	1,169,883	6,129,321	22,592,576
2014	10,687,396	3,979,752 ⁽¹⁾	443,673 ⁽²⁾	8,077,870	23,188,691
2015	9,998,985	4,183,699	216,108	8,725,408	23,124,200
2016	8,069,726	4,381,402	294,329	9,771,324	22,516,781
2017	8,635,462	4,177,505	459,926	10,759,981	24,032,874
2018	9,459,453	4,325,454	574,644	11,085,710	25,445,261

Other Water Charges - by Category

Fiscal Year	Standby Charge	Reimbursement	Other	Total Other Water Charges
2009	982,468	206,912	60,414	1,249,794
2010	993,161	102,061	464,734	1,559,956
2011	983,895	125,860	277,711	1,387,466
2012	970,517	171,014	397,227	1,538,758
2013	984,847	117,364	67,672	1,169,883
2014	10,623 ⁽²⁾	124,353	308,697	443,673
2015	4,818	116,957	94,333	216,108
2016	3,292	233,000	58,037	294,329
2017	1,525	331,179	127,222	459,926
2018	418	403,445	170,781	574,644

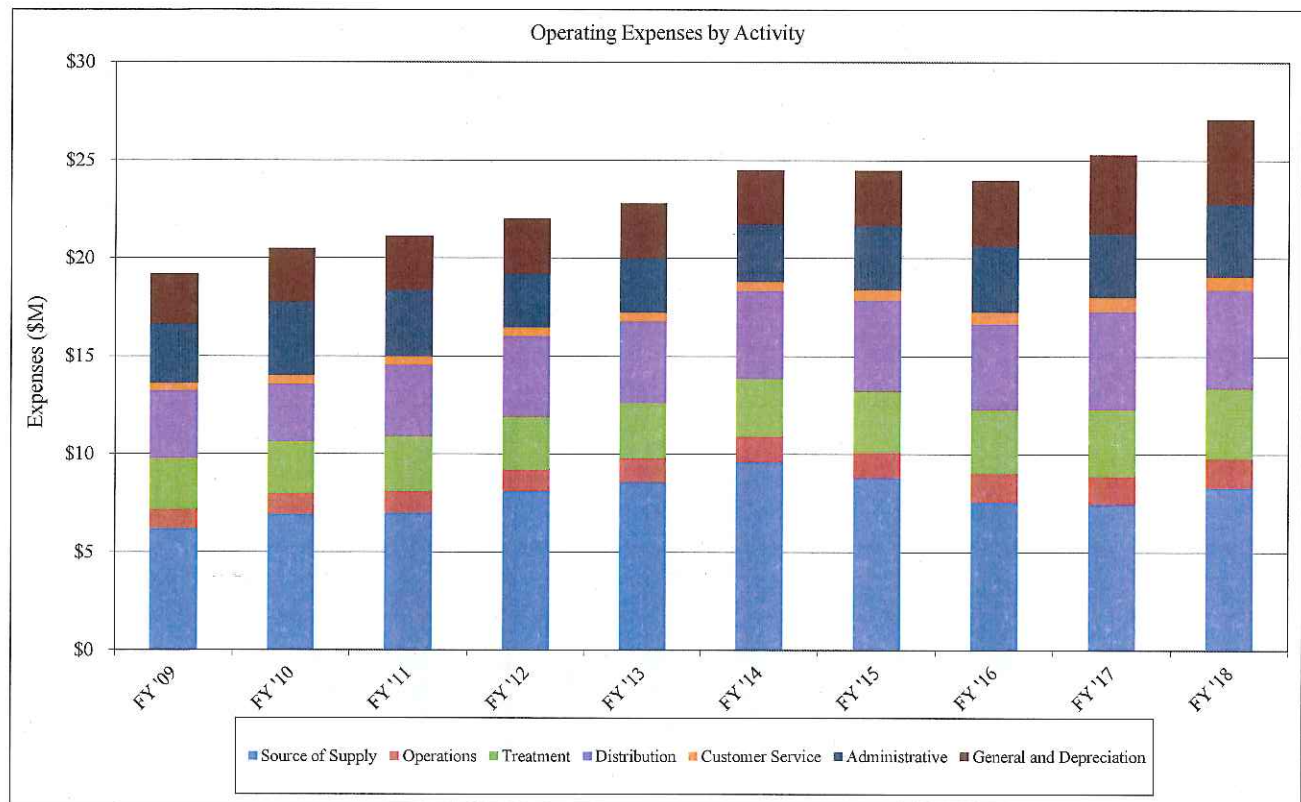
(1) Starting in 2014, Service Charge Revenues was separated from Water Sales Revenues.

(2) The Standby Charge was for the Water Recycling Project, and collections of this fee were not needed after FY 12/13.



**El Toro Water District
Operating Expenses by Activity
Last Ten Fiscal Years**

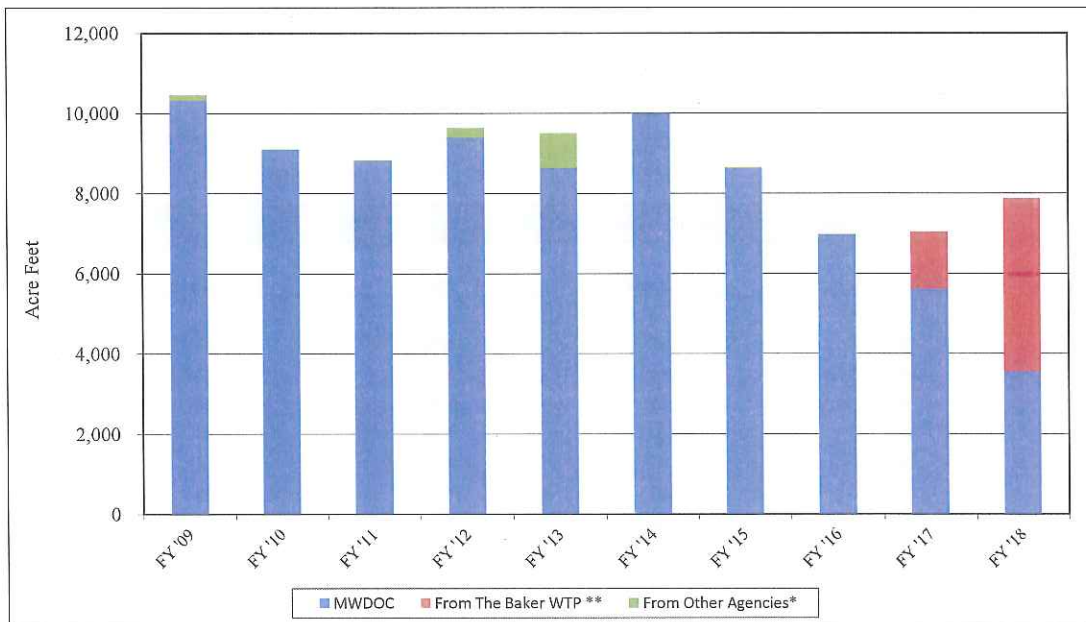
Fiscal Year	Source of Supply	Pumping Operations	Water Treatment	Water Distribution	Customer Service	General and Administrative	Depreciation	Operating Expenses
2009	6,186,436	980,644	2,599,942	3,464,569	362,977	3,031,571	2,567,483	19,193,622
2010	6,924,687	1,038,275	2,673,452	2,922,913	442,574	3,733,666	2,740,893	20,476,460
2011	6,993,701	1,076,206	2,813,771	3,658,325	423,521	3,381,145	2,773,965	21,120,634
2012	8,096,104	1,096,347	2,688,844	4,124,778	440,218	2,732,748	2,831,917	22,010,956
2013	8,554,214	1,232,213	2,831,190	4,160,251	438,053	2,753,292	2,816,753	22,785,966
2014	9,584,718	1,293,752	2,953,328	4,492,432	465,163	2,913,731	2,781,397	24,484,521
2015	8,771,110	1,295,650	3,126,545	4,673,922	516,361	3,255,140	2,831,181	24,469,909
2016	7,555,626	1,466,757	3,243,194	4,388,871	592,405	3,365,722	3,378,409	23,990,984
2017	7,435,534	1,460,096	3,380,526	5,037,124	694,479	3,211,224	4,068,743	25,287,726
2018	8,294,019	1,491,273	3,567,648	5,035,094	686,217	3,672,449	4,350,053	27,096,753



**El Toro Water District
Source of Water for Sales
Last Ten Fiscal Years**

Source of Water for Sales (AF)

<u>Fiscal Year</u>	<u>MWDOC</u>	<u>From The Baker WTP **</u>	<u>From Other Agencies*</u>	<u>Total Production</u>
2009	10,319	-	133	10,452
2010	9,088	-	17	9,105
2011	8,819	-	15	8,834
2012	9,395	-	235	9,630
2013	8,640	-	861	9,501
2014	9,986	-	-	9,986
2015	8,631	-	19	8,650
2016	6,967	-	8	6,975
2017	5,616	1,417	1	7,034
2018	3,559	4,312	3	7,874



Note: See Schedule 2 "Operating Revenue by Source" for information regarding water revenues.

*The District has inter-connections with Moulton Niguel Water District, Irvine Ranch Water District, and Santa Margarita Water District. Water is purchased from one of the three agencies in the case of repairs or upgrades to the District's infrastructure, which would necessitate a temporary alternate source of water.

**The Baker Water Treatment Plant (WTP) is a joint regional project by five South Orange County water districts, located in the City of Lake Forest, provides 28.1 million gallons per day (mgd) of drinking water. The District has the capacity right of 3.2 mgd.

**El Toro Water District
Water Operation Rates and Charges
Last Ten Fiscal Years**

Water Rates ⁽¹⁾					
Fiscal Year	Rate per CCF ⁽²⁾				Rate per AF
	Tier 1	Tier 2	Tier 3	Tier 4	Commercial / Industrial
2009	1.57	1.57	1.57	1.57	1.57
2010	1.89	1.89	1.89	1.89	1.89
2011	1.80	2.20	4.38	5.94	2.06
2012	1.92	2.32	4.50	6.06	2.15
2013	2.07	2.47	4.79	6.35	2.30
2014	2.19	2.59	4.91	6.47	2.42
2015	2.34	2.68	5.04	7.04	2.63
2016	2.46	2.83	5.61	7.18	2.79
2017	2.46	2.83	5.61	7.18	2.79
2018	2.52	2.91	6.08	7.82	2.89

Monthly Water Service Charge					
Fiscal Year	5/8" Meter	3/4" Meter	1" Meter	1 1/2" Meter	2" Meter
2009	6.95	8.85	12.70	22.30	45.80
2010	7.60	10.14	15.20	27.87	53.22
2011	7.60	10.14	15.20	27.87	53.22
2012	7.60	10.14	15.20	27.87	53.22
2013	8.56	11.42	17.12	31.38	59.93
2014	9.31	12.42	18.61	34.12	65.15
2015	9.98	13.31	19.95	36.56	69.81
2016	9.98	13.31	19.95	36.56	69.81
2017	10.93	14.58	21.86	40.06	76.48
2018	11.80	15.82	23.85	43.92	84.07

Monthly Water Capital Replacement and Refurbishment (CR&R) Charge					
Fiscal Year	5/8" Meter	3/4" Meter	1" Meter	1 1/2" Meter	2" Meter
2009	2.21	2.21	3.70	8.99	22.56
2010	2.21	2.21	3.70	8.99	22.56
2011	3.31	3.31	5.54	13.46	33.70
2012	4.66	4.66	7.78	18.91	47.47
2013	4.66	4.66	7.78	18.91	47.47
2014	4.66	4.66	7.78	18.91	47.47
2015	4.66	4.66	7.78	18.91	47.47
2016	4.66	4.66	7.78	18.91	47.47
2017	4.66	4.66	7.78	18.91	47.47
2018	4.66	4.66	7.78	18.91	47.47

Notes:

(1) The District is required to follow the rules of Proposition 218 when raising or adjusting its rates.

For more information, goto http://www.lao.ca.gov/1996/120196_prop_218/understanding_prop218_1296.html

(2) CCF = 100 Cubic Feet = 748 gallons

For more information on the District's rate structure, visit <http://etwd.com/governance/rate-structure/>

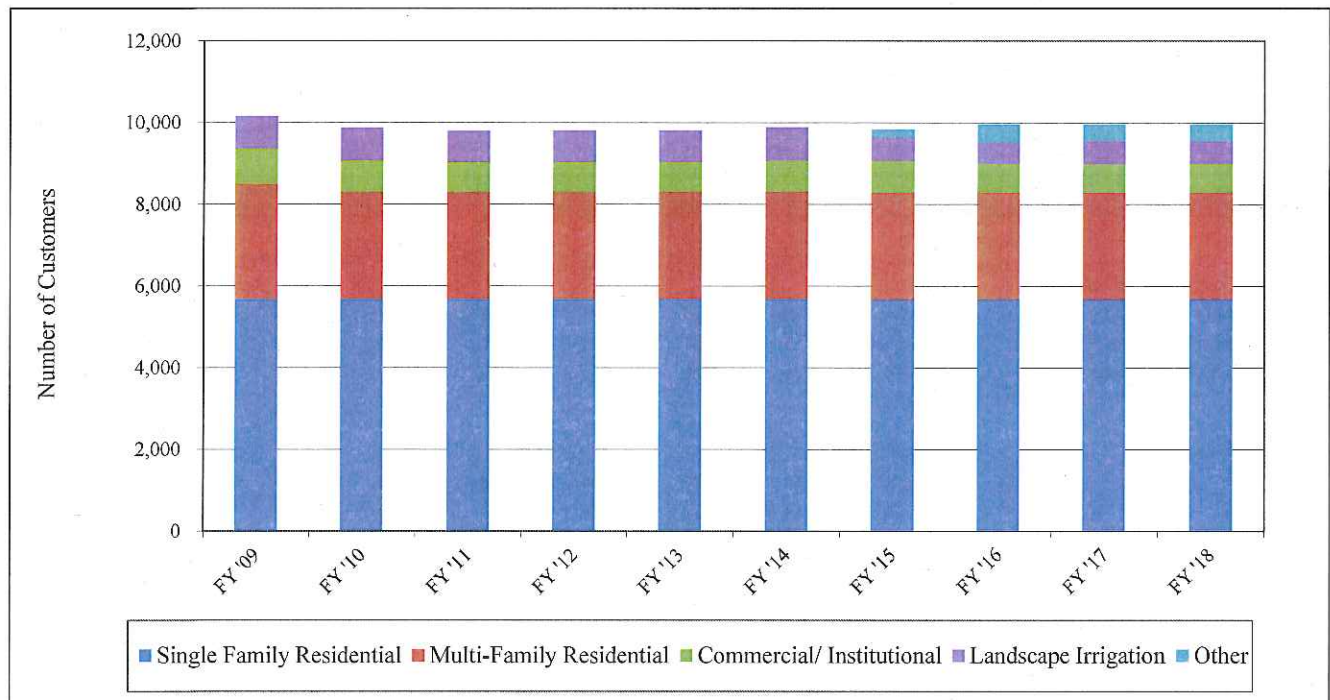
**El Toro Water District
Sewer Operation Rates and Charges
Last Ten Fiscal Years**

Sewer Rates by Customer Class										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Residential Rates (monthly charge per EDU)										
Residential Unrestricted	\$ 16.60	\$ 17.49	\$ 17.49	\$ 17.49	\$ 17.77	\$ 18.99	\$ 20.50	\$ 22.02	\$ 23.11	\$ 23.63
Multi-Family Restricted	13.30	13.87	13.87	13.87	14.09	15.06	16.26	17.46	18.33	18.74
Multi-Family Unrestricted	15.80	16.49	16.49	16.49	16.75	17.90	19.33	20.76	21.79	22.28
Commercial Rates (per ccf of water used)										
Animal Kennel / Hospital	\$ 2.40	\$ 2.86	\$ 2.86	\$ 2.86	\$ 2.91	\$ 3.11	\$ 3.36	\$ 3.61	\$ 3.79	\$ 3.88
Car Wash	2.39	2.84	2.84	2.84	2.89	3.09	3.34	3.59	3.77	3.86
Department / Retail Store	2.41	2.86	2.86	2.86	2.91	3.11	3.36	3.61	3.79	3.88
Dry Cleaners	2.13	2.50	2.50	2.50	2.54	2.72	2.94	3.16	3.32	3.40
Golf Course / Camp / Park	2.39	2.49	2.49	2.49	2.53	2.71	2.93	3.15	3.31	3.39
Health Spa	2.39	2.85	2.85	2.85	2.90	3.10	3.35	3.60	3.78	3.87
Hospital / Convalescent Home	2.12	2.50	2.50	2.50	2.54	2.72	2.94	3.16	3.32	3.40
Hotel	3.61	4.33	4.33	4.33	4.40	4.71	5.09	5.47	5.74	5.87
Market	4.70	5.68	5.68	5.68	5.77	6.17	6.67	7.17	7.53	7.70
Mortuary	4.68	5.66	5.66	5.66	5.75	6.15	6.64	7.14	7.50	7.67
Nursery / Greenhouse	2.44	2.54	2.54	2.54	2.58	2.76	2.98	3.20	3.36	3.44
Professional / Financial Office	2.41	2.86	2.86	2.86	2.91	3.11	3.36	3.61	3.79	3.88
Public Institution	2.35	2.80	2.80	2.80	2.85	3.05	3.30	3.55	3.73	3.82
Repair / Service Station	2.41	2.85	2.85	2.85	2.90	3.10	3.35	3.60	3.78	3.87
Restaurant	4.74	2.69	2.69	2.69	2.74	2.93	3.17	3.41	3.58	3.66
Schools	2.49	2.95	2.95	2.95	3.00	3.21	3.47	3.73	3.92	4.01
Theater	2.43	2.86	2.86	2.86	2.91	3.11	3.36	3.61	3.79	3.88
Warehouse / Storage	1.93	2.25	2.25	2.25	2.29	2.45	2.65	2.85	3.00	3.07
Basic Commercial	2.12	2.50	2.50	2.50	2.54	2.72	2.94	3.16	3.32	3.40

Monthly Sewer Capital Replacement and Refurbishment (CR&R) Charge										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Residential Charge (Per EDU)										
Single Family	\$ 3.93	\$ 3.93	\$ 4.55	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93
Multi-Family Restricted	3.15	3.15	3.61	3.95	3.95	3.95	3.95	3.95	3.91	3.91
Multi-Family Unrestricted	3.74	3.74	4.29	4.69	4.69	4.69	4.69	4.69	4.65	4.65
Commercial (per Meter)										
5/8" Meter	\$ 5.58	\$ 5.58	\$ 6.42	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34
3/4" Meter	5.44	5.44	7.34	7.34	7.34	7.34	7.34	7.34	7.34	7.34
1" Meter	12.65	12.65	12.38	13.55	13.55	13.55	13.55	13.55	13.55	13.55
1 1/2" Meter	26.65	26.65	25.60	24.07	24.07	24.07	24.07	24.07	24.07	24.07
2" Meter	60.78	60.78	68.77	70.96	70.96	70.96	70.96	70.96	70.96	70.96
Public Authority (per Meter)										
1" Meter	\$ 3.93	\$ 3.93	\$ 4.55	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93
1 1/2" Meter	17.69	17.69	20.48	24.65	24.65	24.65	24.65	24.65	24.65	24.65
2" Meter	34.34	34.34	35.20	39.71	39.71	39.71	39.71	39.71	39.71	39.71

**El Toro Water District
Water Customers by Type*
Last Ten Fiscal Years**

Number of Customers by Type						
As of June 30	Single Family Residential	Multi-Family Residential	Commercial/ Institutional	Landscape Irrigation	Other	Total
2009	5,676	2,809	876	798	-	10,159
2010	5,677	2,613	775	806	-	9,871
2011	5,677	2,613	733	774	-	9,797
2012	5,677	2,613	735	777	-	9,802
2013	5,683	2,610	735	775	-	9,803
2014	5,683	2,610	774	813	-	9,880
2015	5,662	2,610	785	583	187 ⁽¹⁾	9,828
2016	5,667	2,612	709	526	439	9,953
2017	5,668	2,616	694	559	406	9,943
2018	5,668	2,618	700	555	407	9,948



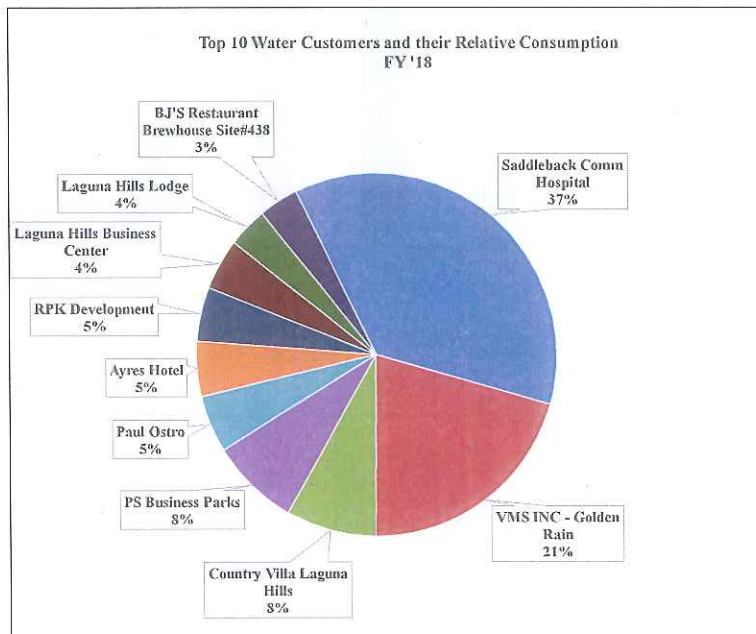
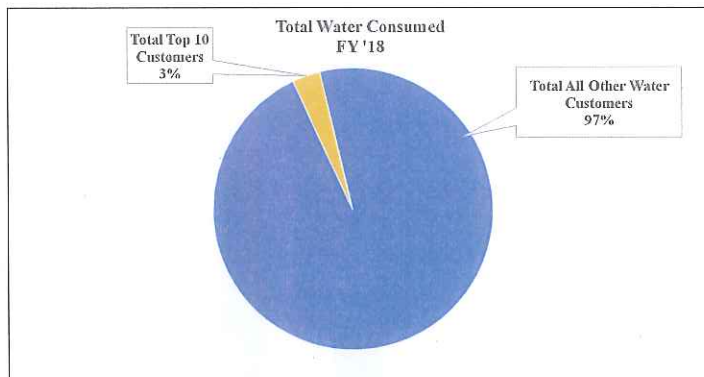
(1) The District did not track "Other" connections in total prior to FY 14/15.

*The District is completely built out and has had 8,950 sewer connections for the past 10 years.

**El Toro Water District
Top Ten Water Customers
Last Ten Fiscal Years**

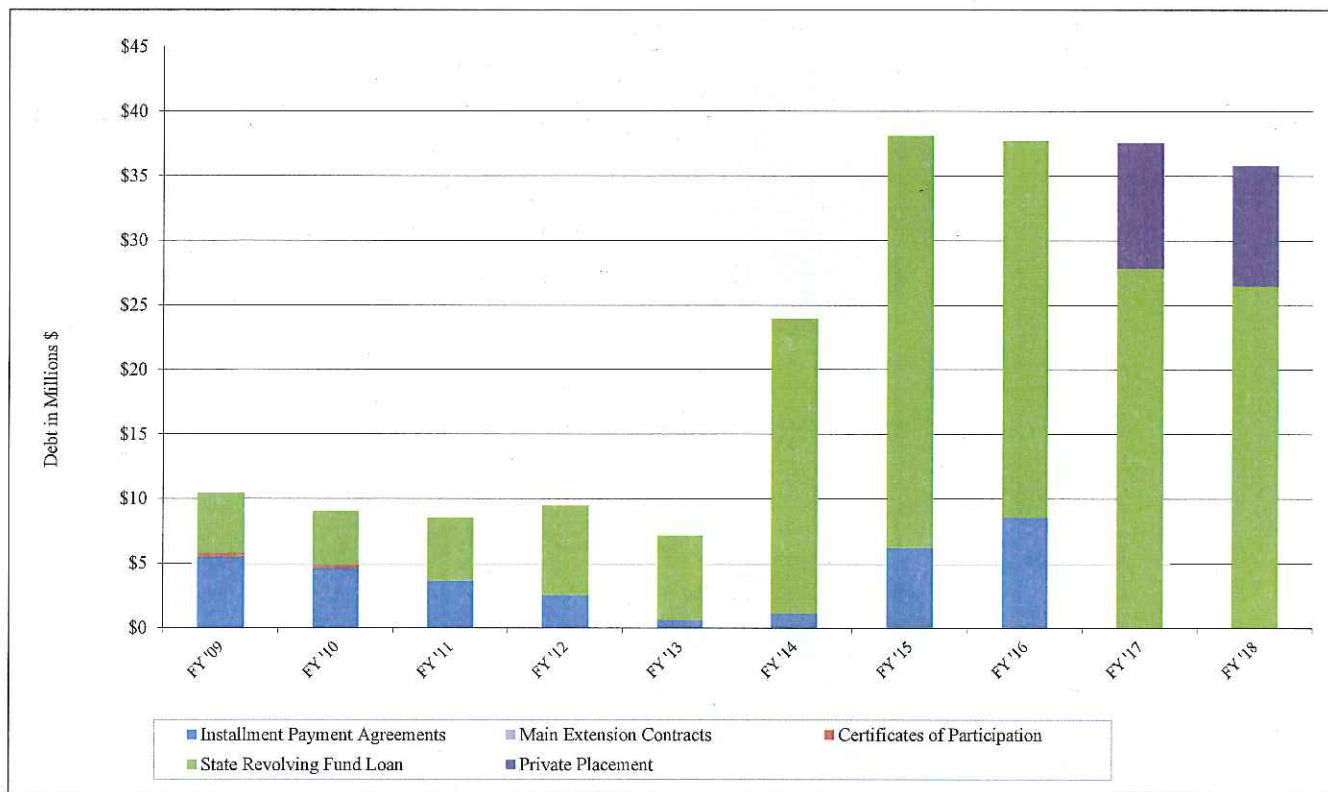
Customer	FY '09		Customer	FY '18	
	Annual Usage (HCF)	Percent of Total		Annual Usage (HCF)	Percent of Total
Saddleback Comm Hospital	54,727	1.19%	Saddleback Comm Hospital	43,840	1.20%
PCM - Golden Rain	26,182	0.57%	VMS INC - Golden Rain	24,770	0.68%
Country Villa Laguna Hills	11,566	0.25%	Country Villa Laguna Hills	9,669	0.26%
Simon Properties #4665	10,812	0.23%	PS Business Parks	9,575	0.26%
PS Business Parks	10,319	0.22%	Paul Ostro	6,054	0.17%
Reg De La Cuesta	8,720	0.19%	Ayres Hotel	5,863	0.16%
LHT Saddleback, LLC	6,463	0.14%	RPK Development	5,775	0.16%
RPK Development	6,276	0.14%	Laguna Hills Business Center	5,478	0.15%
Laguna Hills Business Center	6,243	0.14%	Laguna Hills Lodge	4,305	0.12%
Aura Associates	6,070	0.13%	BJ'S Restaurant Brewhouse Site#438	4,298	0.12%
Total Top 10 Customers	147,378	3.20%	Total Top 10 Customers	119,627	3.27%
Total All Other Water Customers	4,453,662	96.80%	Total All Other Water Customers	3,534,312	96.73%
Total Water Consumed	4,601,040	100.00%	Total Water Consumed	3,653,939	100.00%

HCF = 100 cubic feet



**El Toro Water District
Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	Certificates of Participation	Installment Payment Agreements	State Revolving Fund Loan	Main Extension Contracts	Private Placement	Total Debt	Total Debt per Capita	Total Debt as % of Personal Income
2009	310,000	5,434,162	4,706,983	6,180	-	10,457,325	217	0.46%
2010	240,000	4,577,495	4,220,583	6,180	-	9,044,258	188	0.38%
2011	-	3,615,586	4,890,863	6,180	-	8,512,629	177	0.34%
2012	-	2,535,858	6,920,615	6,180	-	9,462,653	198	0.36%
2013	-	621,878	6,505,874	6,180	-	7,133,932	149	0.27%
2014	-	1,123,184 ⁽¹⁾	22,823,592 ⁽²⁾	6,180	-	23,952,956	502	0.88%
2015	-	6,215,863 ⁽¹⁾	31,873,740 ⁽²⁾	6,180	-	38,095,783	795	1.30%
2016	-	8,562,088 ⁽¹⁾	29,159,616 ⁽²⁾	6,180	-	37,727,884	779	1.24%
2017	-	-	27,827,408	6,180	9,715,035 ⁽¹⁾	37,548,623	764	1.17%
2018	-	-	26,470,867	6,180	9,331,939	35,808,986	730	N/A ⁽³⁾



Notes:

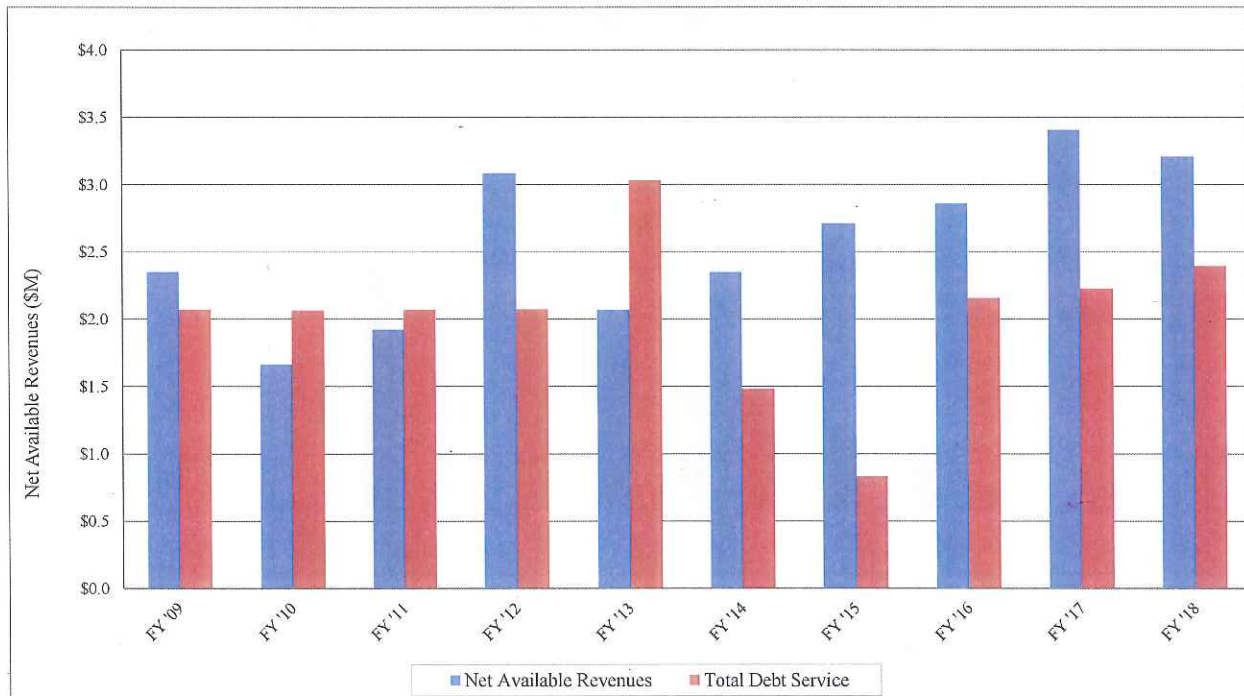
(1) In Dec 2013 the District entered into an agreement for the Baker Water Treatment Plant with five other entities. Additions in 2013 and 2014 were \$1,123,184 and \$5,092,679 respectively. This project was completed and refinanced in December 2016 with Texas Capital for a lower interest rate.

(2) In 2013 the District entered into a loan agreement with the State Water Resources Control Board for the Recycled Water Treatment Plan Project. Additions in 2013 and 2014 were \$16,995,763 and \$9,741,814 respectively. Interest rate on the loan is 1.7% per annum.

(3) Personal Income data is not available for 2018. The Bureau of Economic Analysis typically releases this information in November of the following year.

**El Toro Water District
Debt Service Coverage
Last Ten Fiscal Years**

Fiscal Year	Net Revenue			Debt Service			
	Total Revenues	Operating Expenses ⁽¹⁾	Net Available Revenues	Principal	Interest	Total Debt Service	Coverage Ratio
2009	19,723,899	17,374,292	2,349,607	1,312,391	757,000	2,069,391	1.14
2010	20,045,603	18,382,578	1,663,025	1,413,067	652,359	2,065,426	0.81
2011	20,790,399	18,868,138	1,922,261	1,532,100	536,214	2,068,314	0.93
2012	22,750,433	19,666,763	3,083,670	1,663,826	406,826	2,070,652	1.49
2013	23,934,861	21,868,516	2,066,345	2,673,722	359,134	3,032,856	0.68
2014	24,236,986	21,888,779	2,348,207	1,299,923	179,490	1,479,413	1.59
2015	24,481,578	21,771,103	2,710,475	691,667	137,746	829,413	3.27
2016	23,868,895	21,010,255	2,858,640	1,697,913	459,070	2,156,983	1.33
2017	25,331,161	21,925,666	3,405,495	1,532,173	691,970	2,224,143	1.53
2018	26,744,770	23,537,453	3,207,317	1,739,638	655,145	2,394,783	1.34

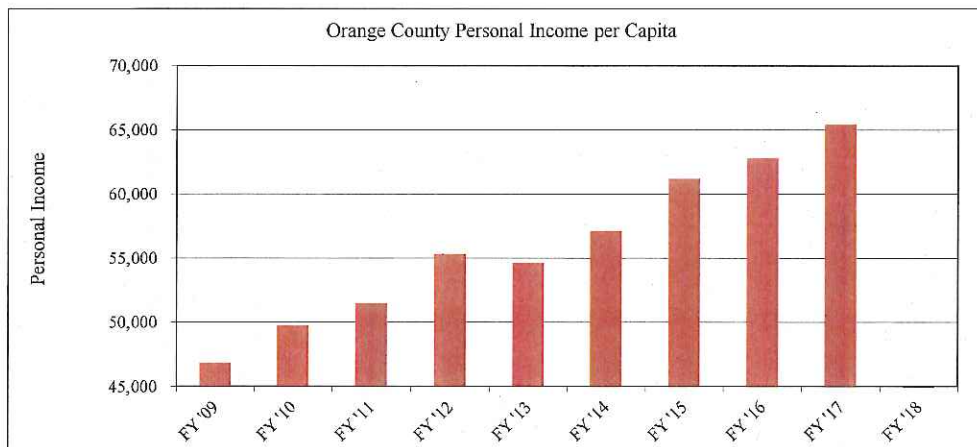
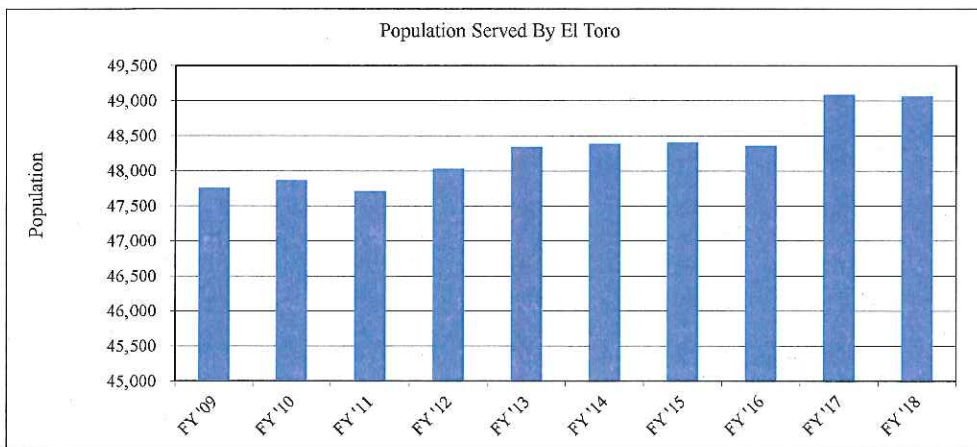


Notes:

(1) Operating expenses less depreciation and amortization.

**El Toro Water District
Demographic and Economic Statistics - County of Orange
Last Ten Fiscal Years**

Calendar Year	Population Served by El Toro	Orange County		
		Personal Income (thousands \$)	Personal Income per Capita	Unemployment Rate at 6/30
2009	47,752	139,839,338 (1)	46,813 (1)	9.0%
2010	47,861 (2)	150,072,420 (1)	49,740 (1)	9.8%
2011	47,706 (2)	157,160,243 (1)	51,469 (1)	9.4%
2012	48,023 (2)	170,609,148 (1)	55,296 (1)	8.3%
2013	48,337 (2)	169,986,956 (1)	54,594 (1)	6.9%
2014	48,382 (2)	179,141,029 (1)	57,110 (1)	5.5%
2015	48,401 (2)	193,358,936 (1)	61,178 (1)	4.5%
2016	48,355 (2)	199,441,555 (1)	62,763 (1)	4.3%
2017	49,083 (2)	208,653,019 (1)	65,400 (1)	3.8%
2018	49,059	N/A	N/A	3.3%



N/A - Data not available for time period

Source: State of California, Employment Development Department, <http://www.edd.ca.gov>

Source: Bureau of Economic Analysis, <http://www.bea.gov>

Source: Municipal Water District of Orange County (MWD OC)

Notes:

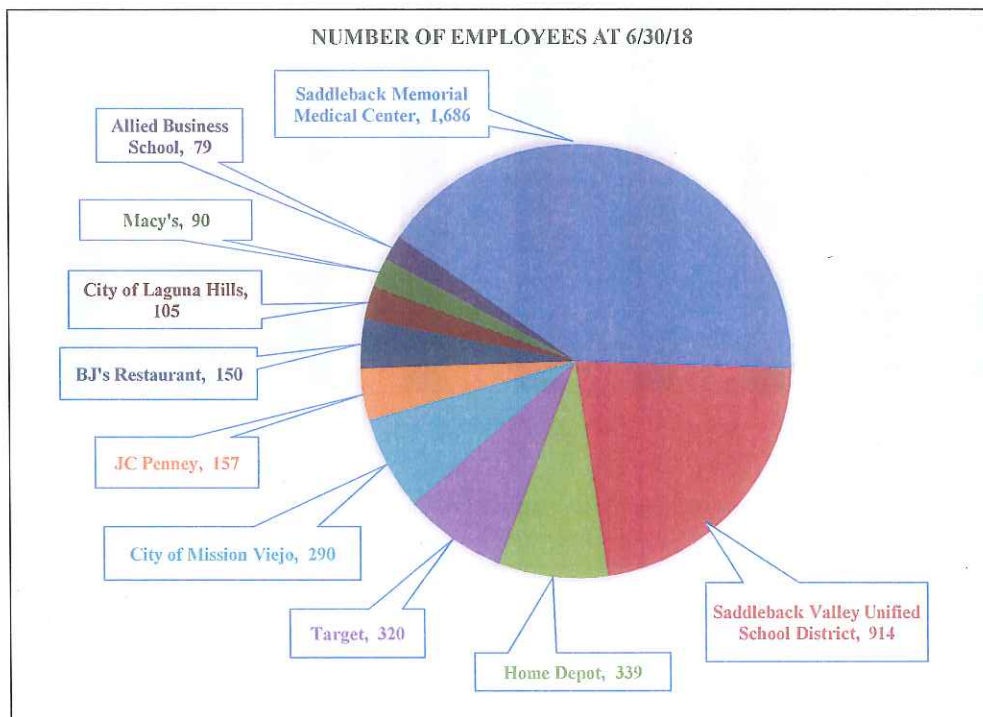
(1) Bureau of Economic Analysis revised statistics for 2001-2016, reflect county population estimates available as of March 2018.

(2) Data provided by Center for Demographic Research, CSUF were revised to reflect the boundary correction in 2017.

El Toro Water District Principal Employers Last Ten Fiscal Years

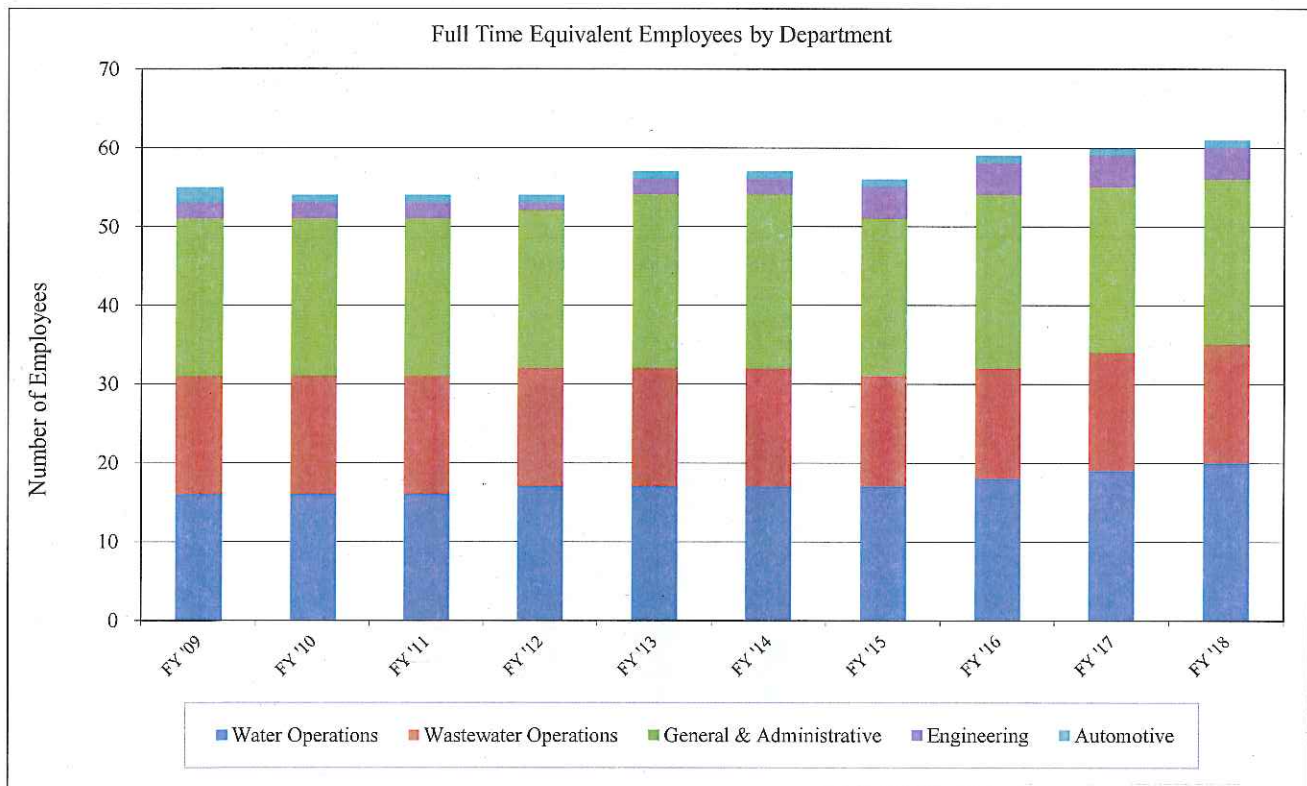
Employer	Number of Employees at 6/30/18	Percent of Total
Saddleback Memorial Medical Center	1,686	40.82%
Saddleback Valley Unified School District	914	22.13%
Home Depot	339	8.21%
Target	320	7.75%
City of Mission Viejo	290	7.02%
JC Penney	157	3.80%
BJ's Restaurant	150	3.63%
City of Laguna Hills	105	2.54%
Macy's	90	2.18%
Allied Business School	79	1.91%
Total Principal Employers	4,130	100.00%

Service Area: Covers about 5,430 acres including all of the city of Laguna Woods (36%), and portions of the cities of Laguna Hills (21%), Mission Viejo (12%), Lake Forest (27%) and Aliso Viejo (4%)



**El Toro Water District
Full Time Equivalent Employees by Department
Last Ten Fiscal Years**

Fiscal Year	Water Operations	Wastewater Operations	General & Administrative	Engineering	Automotive	Total
2009	16	15	20	2	2	55
2010	16	15	20	2	1	54
2011	16	15	20	2	1	54
2012	17	15	20	1	1	54
2013	17	15	22	2	1	57
2014	17	15	22	2	1	57
2015	17	14	20	4	1	56
2016	18	14	22	4	1	59
2017	19	15	21	4	1	60
2018	20	15	21	4	1	61



**El Toro Water District
Operating and Capacity Indicators
Last Ten Fiscal Years**

Fiscal Year	Water System			
	Miles of Water Mains	Service Connections	Annual Potable Import (MG)	Average Daily Potable Import (MGD)
2009	170	10,159	3,406	9.33
2010	170	9,871	2,967	8.13
2011	170	9,797	2,879	7.89
2012	170	9,802	3,138	8.60
2013	170	9,803	3,138	8.60
2014	170	9,880	3,254	8.91
2015	170	9,828	2,819	7.72
2016	170	9,953	2,273	6.23
2017	170	9,943	2,292	6.28
2018	170	9,948	2,566	7.03

Fiscal Year	Sewer System			
	Miles of Sewers Lines	Service Connections	Annual Sewerage (MG)	Daily Sewerage (MGD)
2009	114	10,159	1,504	4.12
2010	114	9,871	1,489	4.08
2011	114	9,797	1,502	4.11
2012	114	9,802	1,442	3.95
2013	114	9,803	1,396	3.82
2014	114	9,880	1,262	3.46
2015	114	9,828	1,242	3.40
2016	114	9,953	1,096	3.00
2017	114	9,943	1,146	3.14
2018	114	9,948	1,105	3.03

Fiscal Year	Recycled Water			
	Miles of Recycled Pipe	Service Connections	Annual Production (MG)	Daily Production (MGD)
2009	19	1	143.53	0.39
2010	19	1	169.58	0.46
2011	19	1	185.16	0.51
2012	19	1	244.39	0.67
2013	19	1	190.26	0.52
2014	19	1	142.58	0.39
2015	19	70 (1)	159.56	0.44
2016	19	138 (1)	337.87	0.93
2017	19	210 (1)	462.49	1.27
2018	26 (2)	210	502.12	1.38

Notes:

MG - Millions of Gallons

MGD - Millions of Gallons per Day

(1) The increase in Recycled Connections was a result of Recycled Water Project to transition irrigation customers to recycled water.

(2) The increase in Miles of Recycled Pipe was due to the completion of The Phase II Recycled Water Distribution System Expansion Project.

MINUTES OF THE REGULAR MEETING
OF THE
ENGINEERING COMMITTEE MEETING

November 19, 2018

Vice President Vergara called the Meeting of the Engineering Committee to order at 7:30 a.m. on November 19, 2018.

Director Monin led in the Pledge of Allegiance to the flag.

Present at today's meeting were Committee Members, M. SCOTT GOLDMAN, JOSE F. VERGARA, MARK MONIN, KATHRYN FRESHLEY, and FRED ADJARIAN.

ROBERT R. HILL, General Manager/Secretary, was absent.

Also present were DENNIS P. CAFFERTY, Assistant General Manager/District Engineer, JUDY CIMORELL, Human Resources Manager, NEELY SHAHBAKHTI, Finance Manager/Controller, RICK OLSON, Operations Superintendent, GILBERT J. GRANITO, General Counsel, POLLY WELSCH, Recording Secretary, KEITH STRIBLING, HIGHMARK Representative, and CAROL MOORE, Laguna Woods Mayor.

Oral Communication/Public Comment

Ms. Moore mentioned the concept of solar panels on the Reservoirs. Director Monin stated that these floating solar panels are not as cost effective as originally thought.

Items Received too Late to be Agendized

Vice President Vergara asked if there were any items received too late to be agendized. Mr. Cafferty replied no.

Consent Calendar

1. Consider approving the minutes of the October 23, 2018 Engineering Committee meeting.

Vice President Vergara asked for a Motion.

Motion: Director Monin made a Motion, seconded by Director Adjarian, and unanimously carried across the Board to approve the Consent Calendar.

Roll Call Vote:

President Goldman	aye
Vice President Vergara	aye
Director Freshley	aye
Director Monin	aye
Director Adjarian	aye

Quarterly Review of the District's 401(k) Retirement Savings Plan

Mr. Cafferty introduced Mr. Keith Stribling, HighMark representative.

Mr. Stribling provided a brief background of his experience in the industry.

Mr. Stribling stated that the economic indicators remain positive despite the unemployment rate and rising wages.

Mr. Stribling stated that strong consumer confidence, rising profits from the corporate tax reform, and energy prices are well contained. He further stated that we have had some bumps in the trade negotiations and a slow down in housing due to interest rate hikes, and mortgage limitations.

Mr. Stribling stated that the Federal Reserve Board is targeting to raise interest rates in December and throughout the next year.

Mr. Stribling stated that the portfolio now contains 7 age-based pools. He further stated that the glidepaths are smoother transitions. Director Monin asked how often are each of the ranges changed, and what has changed.

Mr. Stribling stated that HighMark targets the midpoint of the ranges. He further stated that adjustments may be made in times of extremism or due to fluctuations in the equity market.

Mr. Stribling stated that on page 9, Capital Preservation has 2 months of performance. He further stated that the last quarter has been tough, due to favoring a value style over a growth style, international stocks not doing well, and exposure to alternatives.

Mr. Stribling stated that our value managers outperformed the benchmarks. He further stated that Small Cap growth did well.

Mr. Stribling stated that they removed the developed international manager, which was Nationwide Bailor. He further stated that a replacement is in progress.

Mr. Stribling stated that the emerging market step fund is also being removed, and they have rebalanced the portfolio and lowered alternatives. Director Monin asked if we could see the numbers for October. Mr. Stribling stated that he will get the October numbers and email them to staff.

Mr. Stribling stated that the emerging market fund will be removed, and the Fixed Income portfolio was ahead of the benchmark.

Mr. Stribling stated that page 17 shows performance on each fund, and the Large Cap category one fund outperformed while another one underperformed. He further stated that they may replace the Small Blend Area.

Mr. Stribling stated that on page 18, the Nationwide Baylor fund was down, and international returns are translated back to US dollars which hedge toward changes in the dollar. He further stated that page 20 shows the holdings for each investment and yields.

Director Monin asked who rebalances the portfolio. Mr. Stribling replied that he rebalanced at the end of October and he reviews the portfolio quarterly.

Director Monin asked if their team uses cover call funds. Mr. Stribling replied yes. He further stated that the commodity based fund and gold were traded.

Director Freshley asked if the outcome of the sale of gold was favorable or not. Mr. Stribling replied that he has no idea what the value of gold was when it was originally purchased, so he is not aware of a gain or loss.

Director Monin asked what is the percentage of selling these commodities. Mr. Stribling replied approximately 1%.

At approximately 7:55 o'clock a.m. Mr. Stribling left the meeting.

Engineering Action Item

There were no action items.

Engineering General Information Items

Capital Project Status Report

Oso Lift Station Project

Mr. Cafferty stated that design and CEQA are complete, and staff intends to bring the Mitigated Negative Declaration and Mitigation Monitoring and Reporting Plan to the Board in December. He further stated that staff is meeting with the County and City at the end of November.

Phase II Recycled Water Distribution System Expansion Project

Mr. Cafferty stated that construction is done, and we are in the process of getting the retrofits done and the project out to bid.

Engineering Items Discussed at Various Conferences and Meetings

There were no comments.

Comments Regarding Non-Agenda Engineering Committee Items

Director Monin asked if staff has heard of the solar panels for floating covers for reservoirs. Mr. Cafferty replied that he had not seen any information regarding solar panels on reservoirs.

Adjournment

There being no further business to come before the Board, the following motion was duly made and passed.

Motion: Director Adjarian made a Motion, seconded by Director Monin and unanimously carried that today's meeting be adjourned at 7:59 o'clock a.m. to Tuesday, December 18, 2018 at 7:30 o'clock a.m. at the District's Administrative Offices at 24251 Los Alisos Blvd, Lake Forest, CA. 92630.

Roll Call:

Director Monin	aye
Director Adjarian	aye
President Goldman	aye
Vice President Vergara	aye
Director Freshley	aye

Respectfully submitted,

POLLY WELSCH
Recording Secretary

APPROVED:

M. SCOTT GOLDMAN, President
of the El Toro Water District and the
Board of Directors thereof

ROBERT R. HILL, Secretary
of the El Toro Water District and the
Board of Directors thereof

CAPITAL PROJECT / EQUIPMENT STATUS REPORT

December, 2018

I Oso Lift Station Improvement Project

The project design is complete.

The District has received comments from Moulton Niguel Water District regarding the plans and Agreement for the proposed emergency overflow connection from the Oso Lift Station to the MNWD sewer collection system near the station. Staff is reviewing the comments in an effort to finalize the Agreement.

Staff submitted a lot line adjustment to the City of Laguna Woods to facilitate the expansion of the site by ten feet on the east side of the property. The lot line adjustment will need to be approved by the County of Orange due to an existing lease agreement between the City and the County relative to the Woods End Wilderness Preserve/Laguna Coast Wilderness Park. It is staff's understanding that the County will take it to the Board of Supervisors in February or March.

The Notice of Intent to file a CEQA Mitigated Negative Declaration was filed for public review with the State Clearinghouse and the County of Orange. Staff received no comments. Staff intends to bring the MND and the Mitigation Monitoring and Reporting Plan to the Board for approval early in 2019.

II Phase II Recycled Water Distribution System Expansion Project

Staff submitted the retrofit plans to the State and County Health departments for review. Staff met with representatives of both agencies on December 10 and is responding to questions. Staff is preparing to bid a retrofit project including the East Side system and certain sites in the West Side System. The project will go out to bid once plan approval is received from County and State Health. The remaining sites in the West Side System will be handled separately due to unique characteristics that could result in the designation of the sites as "dual-plumbed" as defined in Title 22. Staff is inspecting each of these sites as well as performing coverage tests to determine the appropriate approach to the on-site retrofits.

The updated Cost Tracking & Estimate is attached.

III Advanced Metering Infrastructure (AMI) Feasibility Study & Alternatives Analysis

The consulting contract has been issued to MC Engineering. MC Engineering conducted a kickoff meeting with Staff in September. The project is expected to be complete in early 2019.

IV South Orange County Supply and System Reliability Projects

A. Baker Water Treatment Product Water Conveyance Options

Moulton Niguel Water District is evaluating their capital projects schedule regarding a potential new turnout on the South County Pipeline that would include a turnout connection dedicated to the ETWD Baker supply. MNWD has informed staff that they are currently performing a property appraisal to facilitate the acquisition of the property for the new turnout. MNWD has verbally indicated they are prepared to continue the temporary conveyance of water through the Los Alisos interconnection until such time that the permanent conveyance facilities are complete.

B. Poseidon HB Ocean Desalination Project

As discussed at the ETWD July Engineering Committee meeting, OCWD has entered into a revised non-binding Term Sheet with Poseidon. OCWD has reached out to ETWD, MNWD and SMWD to confirm interest in receiving a specific based loaded supply from the project. ETWD staff met with OCWD and Poseidon on 10/24/18. Staff is waiting for updated cost information including the costs of conveyance of the Poseidon water to South Orange County.

Poseidon indicates they expect to be before the Santa Ana Regional Water Quality Board for consideration of their NPDES Permit renewal in the Fall and before the Coastal Commission sometime in 2019. The feasibility of the project remains contingent upon obtaining all regulatory and environmental approvals/permits along with approval of Met LRP funding based on \$475/AF over 15 years.

**PHASE II RECYCLED WATER
DISTRIBUTION SYSTEM EXPANSION PROJECT
TOTAL PROJECT COST ESTIMATE**

	Estimate		To Date
	November	December	
Construction			
West Side System			
E.J. Meyer Construcion Contract	\$3,684,474	\$3,684,474	3,556,400
Allowance for Utility Conflicts			\$107,649
Contingency			\$20,425
Total	\$3,684,474	\$3,684,474	\$3,684,474
East Side System			
T.E. Roberts Construction Contract	\$1,182,348	\$1,182,348	\$1,187,652
Allowance for Utility Conflicts	\$0	\$0	
Contingency	\$0	\$0	
Total	\$1,182,348	\$1,182,348	\$1,187,652
Construction Material (Meter Boxes)	\$17,259	\$17,259	\$17,259
Total Construction			
Construction Contracts	\$4,866,822	\$4,866,822	
Allowance for Utility Conflicts (Contingency)	\$0	\$0	
Contingency	\$0	\$0	
Construction Material (Meter Boxes)	\$17,259	\$17,259	
Total Construction	\$4,884,081	\$4,884,081	\$4,889,386
Engineering Design			
Engineering Design (Tetra Tech)	\$235,827	\$235,827	\$235,827
Retrofit Site Plans	\$66,500	\$66,500	63,189
Easement Exhibits (Tetra Tech)	\$37,662	\$37,662	\$37,662
System Supply Analysis	\$14,960	\$14,960	\$14,960
Subtotal Design	\$354,949	\$354,949	\$351,638
Planning			
CEQA (Dudek)	\$67,805	\$67,805	\$67,805
Funding Research	\$9,701	\$9,701	\$9,701
SRF Application Support	\$13,536	\$13,536	\$13,536
Subtotal Planning	\$91,042	\$91,042	\$91,042
Construction Support			
CEQA Construction Support	\$17,858	\$17,858	\$17,858
Engineering Construction Support - Tetra Tech	\$75,344	\$75,344	\$75,344
Construction Management & Inspection - MWH	\$479,409	\$479,409	\$480,569
Construction Management & Inspection - Geotech	\$97,940	\$105,995	\$104,815
Labor Compliance Consultant - GSLC	\$42,870	\$42,870	\$42,870
Public Relations	\$14,125	\$14,125	\$14,125
Miscellaneous Construction Support	\$26,303	\$26,303	26,303
Subtotal Construction Support	\$753,849	\$761,904	\$761,882
Administration			
Legal	\$10,000	\$10,000	
Funding Research			
SRF Application Support			
Public Relations			
Miscellaneous	\$0	\$0	
Easements Compensation	\$34,600	\$34,600	34,600.00
Title Insurance	\$16,500	\$16,500	\$16,500
Subtotal Administration	\$61,100	\$61,100	\$51,100
On Site Conversions/Retrofits Construction	\$700,000	\$700,000	\$0
Total Project	\$6,845,021	\$6,853,076	\$6,145,048

**F.Y. 2018/19 CAPITAL REPLACEMENT AND REFURBISHMENT PROGRAM BUDGET ITEMS > \$50,000
BOARD APPROVAL SCHEDULE**

Project Description		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Budget Estimate	Board Approved Cost
<i>2018/19 Capital Projects</i>															
1	Recycled Water Phase II - Retrofits	E	E	E	P	P	P	B	A	C	C	C	C	\$700,000	
2	Replace R-6 Sodium Hypochlorite Tanks (CO)		B	A	C	C	C	C	C					\$210,000	\$163,257
3	Oso Lift Station Improvement Project (CO)	E/CQ	E/CQ	E/CQ	CQ	CQ			B	A	C	C	C	\$1,000,000	
4	Aliso Creek Lift Station Skid Pump and Piping			E	E	B	B	A		R				\$200,000	
5	Reconstruct (West Side) Drainage Swayle at the Holding Pond						E	E	B	A	C	C	C	\$68,250	
6	AMR / AMI Implementation	RFP	A	E	E	E	E	E						\$200,000	\$64,550
7	Master Plan Update (CO)				RFP	RFP	RFP	RFP	A	E	E	E		\$350,000	
8	Old Treatment Plant / Clear Well Demo		ET	ET	ET	ET	ET	ET						\$400,000	
<i>2018/19 Capital Equipment</i>															
1	8-inch Trailer Mounted Emergency Pump		E	E	E	B	B	A		R				\$85,000	
2	300-375KW Emergency Generator Trailer		E	E	A			R						\$175,000	\$142,024
Total														\$3,388,250	\$369,831

E = Engineering/Study

C = Construction

O = Order

N = Negotiate

R = Receive

P = Permit

CQ = CEQA

CO = Carry Over

RFP = Request for Proposal

B = Bid

A = Approve by Board

ET = Evaluate

M = Monitoring

BP = Board Presentation

12/13/2018

MINUTES OF THE REGULAR MEETING
OF THE
FINANCE/INSURANCE COMMITTEE MEETING

November 19, 2018

Director Monin called the Meeting of the Finance/Insurance Committee to order at 7:59 a.m. on November 19, 2018.

Present at today's meeting were Committee Members, M. SCOTT GOLDMAN, JOSE F. VERGARA, MARK MONIN, KATHRYN FRESHLEY, and FRED ADJARIAN.

ROBERT R. HILL, General Manager/Secretary was absent.

Also present were DENNIS P. CAFFERTY, Assistant General Manager/District Engineer, JUDY CIMORELL, Human Resources Manager, NEELY SHAHBAKHTI, Finance Manager/Controller, RICK OLSON, Operations Superintendent, GILBERT J. GRANITO, General Counsel, POLLY WELSCH, Recording Secretary, and CAROL MOORE, Laguna Woods Mayor.

Consent Calendar

- a. Consider approving the October 23, 2018 Finance Committee meeting minutes.
- b. Consider renewing the District's membership in ACWA in the amount of \$22,560 for calendar year 2019. The membership dues for 2018 were \$21,905.
- c. Consider renewing the District's membership in WateReuse in the amount of \$1,016.50 for calendar year 2019. The membership dues for 2018 were \$963.

- d. Consider renewing the District's membership in CSDA in the amount of \$7,252 for calendar year 2019. The membership dues for 2018 were \$6,842.
- e. Consider receiving and filing the District's Quarterly Audit Report for the periods April 1, 2018 through June 30, 2018 as presented by the PUN Group.

Motion: President Goldman made a Motion, seconded by Director Adjarian and unanimously carried across the Board to approve the Consent calendar.

Roll Call Vote:

President Goldman	aye
Vice President Vergara	aye
Director Adjarian	aye
Director Monin	aye
Director Freshley	aye

Approval of Items Removed from Today's FIC Consent Calendar

Finance Action Items

Finance Report

Ms. Shahbakhti stated that we are a couple months into the fiscal year.

Ms. Shahbakhti stated that on page 96, Reserve Analysis, the District has exceeded the 6 month reserves requirement.

Director Monin asked for a Motion.

Motion: President Goldman made a Motion, seconded by Vice President Vergara, and unanimously approved across the Board to approve the Finance report.

Roll Call Vote:

Vice President Vergara	aye
President Goldman	aye
Director Adjarian	aye
Director Monin	aye
Director Freshley	aye

Finance Information Items

Tiered Water Usage and Revenue Tracking

Ms. Shahbakhti stated that the water usage for the month of October and year to date by class are included in the package.

Vice President Vergara asked on the graph on page 110, October Water Sales, where is the Irrigation coming from. Ms. Shahbakhti replied that it is mostly in Laguna Woods Village.

Comments Regarding Non-Agenda FIC Items

Director Monin stated that he attended the MWDOC Admin/Finance Committee meeting and there was a presentation from their Auditors, so he would like the Board to consider their firm when we are due to send out an RFP for ETWD's Auditors.

Director Monin stated that we are changing Auditors every 5 years. Ms. Shahbakhti stated that the State requires us to replace the Auditors every 6 years, and we currently replace them every 5 years. Director Monin suggested the possibility of replacing them in 6 years, or surveying neighboring agencies to see if they replace them in 3 years, 5 years, or 6 years.

Ms. Shahbakhti stated that ETWD is audited 5 times a year, one each quarter and an annual audit. President Goldman asked staff to review the SOCWA letter to see what the State was suggesting to them.

Director Monin stated that he would also like to know how often neighboring

agencies are audited throughout the year.

Ms. Shahbakhti stated that the annual audit will be presented to the Board in December, and by the time it is finished, we are 2 quarters into the next year.

Director Freshley asked what was so special about this particular Auditor. Director Monin replied that it was a good presentation and they were very thorough.

Close Finance and Insurance Committee Meeting

At approximately 8:12 o'clock a.m. the Finance and Insurance Committee meeting was closed.

Attorney Report

Mr. Granito reported that there is a need for a Closed Session at today's meeting to discuss item #2 of today's Closed Session agenda.

Closed Session

At approximately 8:12 o'clock a.m. the Board went into Closed Session to discuss item #2 of today's Closed Session agenda. Also at this time Ms. Moore, Mr. Cafferty, Ms. Shahbakhti, Ms. Cimorell, and Ms. Welsch left the meeting.

Open Session

At approximately 8:34 o'clock a.m. the Board returned to Open Session. Also at this time Mr. Cafferty and Ms. Welsch returned to the meeting.

Report on Closed Session

Mr. Granito reported that the Board did go into Closed Session at approximately 8:12 o'clock a.m. to discuss item #2 of today's Closed Session agenda.

Mr. Granito reported that during the Closed Session the Board initiated the First Phase of the performance evaluation of a Public Employee (General Manager).

No further reportable action was taken.

Adjournment

There being no further business to come before the Board, the following motion was duly made and passed.

Motion: Director Adjarian made a Motion, seconded by Director Monin and unanimously carried that today's meeting be adjourned at 8:30 o'clock a.m. to Thursday, December 18, 2018 at 7:30 o'clock a.m. at the District's Administrative Offices at 24251 Los Alisos Blvd, Lake Forest, CA. 92630.

Roll Call:

Director Freshley	aye
Director Adjarian	aye
Vice President Vergara	aye
President Goldman	aye
Director Monin	aye

Respectfully submitted,

POLLY WELSCH
Recording Secretary

APPROVED:

M. SCOTT GOLDMAN, President
of the El Toro Water District and the
Board of Directors thereof

ROBERT R. HILL, Secretary
of the El Toro Water District and the
Board of Directors thereof

EL TORO WATER DISTRICT
FINANCIAL REPORT
December 18, 2018

I.	Balance Sheet	2 - 3
A.	Cash & Investments	
1)	Mix and Liquidity	4
2)	Reserve Analysis	5
3)	Change in Reserves	6
4)	Bills for consideration	7
5)	401K Plan	8
B.	Other balance sheet items	
1)	A/R aging	9
2)	A/P aging	9
II	Revenue & Expense	10
A.	Analysis of Revenue & Expenses	11
B.	Revenues	
1)	Where the money comes from	12
2)	Who the money comes from	12
3)	Revenue budget comparison	13
4)	Miscellaneous Revenue	14
C.	Expenses	
1)	Where the money goes	15
2)	Expense budget comparison	16 - 17
3)	Capital expenditures – equipment	18
4)	Capital expenditures – projects	18

**EL TORO WATER DISTRICT
BALANCE SHEET**

	11/30/18 (Unaudited)	June 30, 2018 (Unaudited)
ASSETS		
Current Assets		
Cash & Investments	\$6,930,273	\$2,354,807
Receivables:		
Accounts Receivable	3,739,128	3,228,292
Notes Receivable	-	-
Inventories	617,063	636,252
Prepaid Expenses	463,414	172,006
Total Current Assets	<u>11,749,878</u>	<u>6,391,357</u>
Restricted Assets		
Cash & Investments	<u>12,180,250</u>	<u>11,689,909</u>
Total Restricted Assets	<u>12,180,250</u>	<u>11,689,909</u>
Non-Current Assets		
Utility Plant:		
Land & Easements	7,451,585	7,451,585
Long Term Leases	342,382	342,382
Equipment	113,430,653	111,983,751
Collection & Impound Reservoirs	6,243,706	6,243,706
Structure & Improvements	<u>34,734,945</u>	<u>34,734,945</u>
Total Utility Plant	<u>162,203,272</u>	<u>160,756,370</u>
Less Accumulated Depreciation & Amortization	<u>(72,855,735)</u>	<u>(70,907,050)</u>
Net Utility Plant	89,347,537	89,849,320
Construction Work in Progress	6,515,398	6,815,236
Notes Receivable	<u>-</u>	<u>-</u>
Total Non-current Assets	<u>95,862,935</u>	<u>96,664,556</u>
TOTAL ASSETS	<u><u>\$119,793,063</u></u>	<u><u>\$114,745,822</u></u>

**EL TORO WATER DISTRICT
BALANCE SHEET**

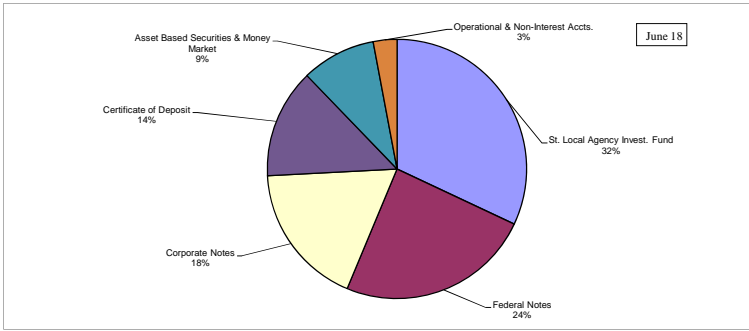
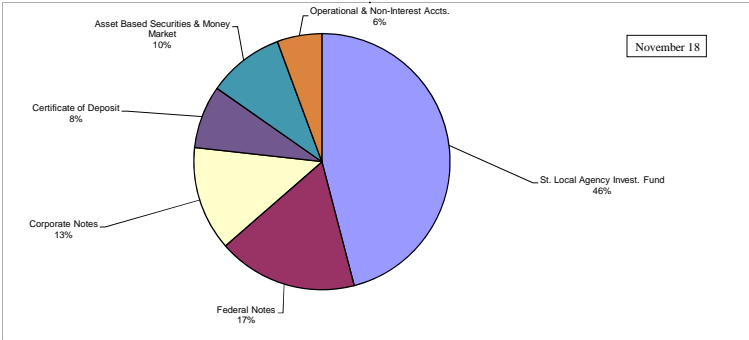
	11/30/18 (Unaudited)	June 30, 2018 (Unaudited)
LIABILITIES and EQUITY		
Liabilities		
Current Liabilities Payable		
Accounts Payable	\$1,347,453	\$2,087,350
Current Portion of Long-Term Debt	1,782,485	6,180
Other Current Liabilities	2,746,103	7,516,538
Total Current Liabilities Payable		
From Current Assets	5,876,040	9,610,067
Long Term Debt		
Long Term Debt	50,195,811	35,802,806
Total Long Term Debt	50,195,811	35,802,806
Total Liabilities	56,071,852	45,412,873
Fund Equity		
Retained Earnings - Reserved	17,034,893	22,174,300
Contributed Capital	8,744,767	8,744,767
Retained Earnings - Unreserved	36,941,072	38,051,994
Net Income	1,000,480	361,888
Total Fund Equity	63,721,211	69,332,949
Total Liabilities & Fund Equity	\$119,793,063	\$114,745,822

CASH & INVESTMENTS
SUMMARY OF INVESTMENTS BY TYPE

	Maturity Dates	Par	Market Value	Financial Institution	YTM	Original Cost
			11/30/18		11/30/18	11/30/18
State Local Agency Investment Fund	NA	NA	\$8,736,793	LAIF	2.21%	\$8,736,793
US Treasury N/B - Coupon Rate 1.625%	7/31/2020	60,000	58,838	US Bank/CAMP	1.60%	60,038
US Treasury N/B - Coupon Rate 1.375%	8/31/2020	110,000	107,297	US Bank/CAMP	1.53%	109,502
US Treasury N/B - Coupon Rate 1.375%	8/31/2020	260,000	253,612	US Bank/CAMP	1.44%	259,523
US Treasury N/B - Coupon Rate 1.375%	10/31/2020	95,000	92,439	US Bank/CAMP	1.65%	94,228
US Treasury N/B - Coupon Rate 1.750%	12/31/2020	340,000	332,815	US Bank/CAMP	1.90%	338,513
US Treasury N/B - Coupon Rate 1.375%	1/31/2021	50,000	48,488	US Bank/CAMP	2.05%	49,006
US Treasury N/B - Coupon Rate 1.125%	2/28/2021	150,000	144,498	US Bank/CAMP	2.41%	144,428
US Treasury N/B - Coupon Rate 2.000%	5/31/2021	490,000	480,219	US Bank/CAMP	2.62%	481,272
Intl BK of Recon & Dev Global Notes - Coupon Rate 1.125%	11/27/2019	110,000	108,188	US Bank/CAMP	1.50%	109,098
Intl BK of Recon & Dev Notes - Coupon Rate 1.875%	4/21/2020	90,000	88,792	US Bank/CAMP	1.90%	89,922
Inter-American Devel BK Note - Coupon Rate 1.625%	5/12/2020	150,000	147,389	US Bank/CAMP	1.70%	149,645
Intl BK of Recon & Dev Notes - Coupon Rate 1.561%	9/12/2020	90,000	87,852	US Bank/CAMP	1.64%	89,784
Inter-American Development Bank - Coupon Rate 2.125%	11/9/2020	90,000	88,661	US Bank/CAMP	1.81%	90,834
Intl Finance Note - Coupon Rate 2.250%	1/25/2021	70,000	69,048	US Bank/CAMP	2.35%	69,794
Intl Finance Corporation Note - Coupon Rate 2.635%	3/9/2021	90,000	89,196	US Bank/CAMP	2.66%	89,933
Inter-American Dev Bank Note - Coupon Rate 1.875%	3/15/2021	200,000	195,394	US Bank/CAMP	2.56%	196,046
Inter-American Dev Bank Note - Coupon Rate 2.625%	4/19/2021	70,000	69,532	US Bank/CAMP	2.70%	69,846
CA ST TXBL GO Bonds- Coupon Rate 2.800%	4/1/2021	100,000	99,126	US Bank/CAMP	2.80%	100,004
FNA 2018-MS A2- Coupon Rate 3.560%	9/25/2021	56,077	56,331	US Bank/CAMP	2.27%	57,193
FNMA Notes - Coupon Rate 1.000%	8/28/2019	500,000	493,885	US Bank/CAMP	1.10%	498,650
FNMA Notes - Coupon Rate 1.500%	2/28/2020	200,000	196,865	US Bank/CAMP	1.52%	199,872
Federal Notes		3,371,077	3,308,475			3,347,128
US Bankcorp (Callable) Notes - Coupon Rate 2.200%	4/25/2019	150,000	149,509	US Bank/CAMP	1.47%	152,727
American Honda Finance - Coupon Rate 1.200%	7/12/2019	150,000	148,320	US Bank/CAMP	1.48%	148,887
Goldman Sachs Group Inc - Coupon Rate 1.950%	7/23/2019	60,000	59,576	US Bank/CAMP	1.96%	59,993
Cisco Systems Notes - Coupon Rate 1.400%	9/20/2019	150,000	148,171	US Bank/CAMP	1.42%	149,931
Honeywell International Corp. Notes - Coupon Rate 1.800%	10/30/2019	25,000	24,736	US Bank/CAMP	1.84%	24,981
American Express Credit Corp. - Coupon Rate 1.700%	10/30/2019	100,000	98,761	US Bank/CAMP	1.99%	99,240
Citigroup Inc. Corp. Note - Coupon Rate 2.450%	1/10/2020	50,000	49,469	US Bank/CAMP	1.90%	50,607
BB&T Corp. Note - Coupon Rate 2.450%	1/15/2020	100,000	99,092	US Bank/CAMP	2.08%	101,053
Morgan Stanley Corp. Bonds - Coupon Rate 2.650%	1/27/2020	40,000	39,665	US Bank/CAMP	2.35%	40,346
IBM Corp. Notes - Coupon Rate 1.900%	1/27/2020	100,000	98,503	US Bank/CAMP	1.93%	99,904
Microsoft Corp. Note - Coupon Rate 1.850%	2/6/2020	90,000	88,922	US Bank/CAMP	1.87%	89,940
Apple Inc. Bonds - Coupon Rate 1.900%	2/7/2020	80,000	79,071	US Bank/CAMP	1.92%	79,961
Chevron Corp Notes - Coupon Rate 1.991%	3/3/2020	70,000	69,117	US Bank/CAMP	1.99%	70,000
Walt Disney Corp Notes - Coupon Rate 1.950%	3/4/2020	20,000	19,722	US Bank/CAMP	1.96%	19,995
Exxon Mobil Corp Note - Coupon Rate 1.912%	3/6/2020	90,000	88,745	US Bank/CAMP	1.75%	90,402
John Deere Capital Corp. - Coupon Rate 2.200%	3/13/2020	40,000	39,580	US Bank/CAMP	2.23%	39,969
Goldman Sachs Group Inc Corp Notes - Coupon Rate 2.600%	4/23/2020	30,000	29,581	US Bank/CAMP	2.28%	30,226
General Dynamics Corp. - Coupon Rate 2.875%	5/11/2020	50,000	49,867	US Bank/CAMP	3.06%	49,823
Apple Inc. Bonds - Coupon Rate 1.800%	5/11/2020	60,000	59,017	US Bank/CAMP	1.84%	59,939
Intel Corp Notes - Coupon Rate 1.850%	5/11/2020	90,000	88,611	US Bank/CAMP	1.86%	89,966
Home Depot Inc Corp Notes - Coupon Rate 1.800%	6/5/2020	40,000	39,219	US Bank/CAMP	1.82%	39,977
Walt Disney Corp Notes - Coupon Rate 1.800%	6/5/2020	70,000	68,527	US Bank/CAMP	1.84%	69,919
John Deere Capital Corp Notes - Coupon Rate 1.950%	6/22/2020	20,000	19,620	US Bank/CAMP	1.97%	19,988
State Street Corp Notes - Coupon Rate 2.550%	8/18/2020	10,000	9,858	US Bank/CAMP	1.83%	10,208
State Street Corp Notes - Coupon Rate 2.550%	8/18/2020	70,000	69,009	US Bank/CAMP	1.82%	71,471
Caterpillar Finl Service Note - Coupon Rate 1.850%	9/4/2020	70,000	68,323	US Bank/CAMP	1.88%	69,941
Citigroup Inc Corp Notes - Coupon Rate 2.650%	10/26/2020	40,000	39,307	US Bank/CAMP	2.34%	40,360
Paccar Financial Corp Notes - Coupon Rate 2.050%	11/13/2020	20,000	19,543	US Bank/CAMP	2.05%	19,998
VISA Inc. (Callable) Corp Notes - Coupon Rate 2.200%	12/14/2020	20,000	19,637	US Bank/CAMP	1.85%	20,220
Wai-Mart Stores Inc. Corp. Note - Coupon Rate 1.900%	12/15/2020	90,000	87,931	US Bank/CAMP	1.95%	89,870
Paccar Financial Corp Notes - Coupon Rate 2.800%	3/1/2021	30,000	29,719	US Bank/CAMP	2.82%	29,985
National Rural Util Coop - Coupon Rate 2.900%	3/15/2021	35,000	34,628	US Bank/CAMP	2.94%	34,961
United Parcel Service Corporate Bond - Coupon Rate 2.050%	4/1/2021	90,000	87,718	US Bank/CAMP	2.10%	89,858
Toyota Motor Credit Corp Notes - Coupon Rate 2.950%	4/13/2021	90,000	89,134	US Bank/CAMP	2.96%	89,964
Pepsico Inc. Corp. Note - Coupon Rate 2.000%	4/15/2021	30,000	29,223	US Bank/CAMP	2.01%	29,994
Hershey Company Corp. Note - Coupon Rate 3.100%	5/15/2021	40,000	39,958	US Bank/CAMP	3.12%	39,972
American Express Co. - Coupon Rate 3.375%	5/17/2021	45,000	44,711	US Bank/CAMP	3.38%	44,992
Charles Schwab Corp. Corp. Notes - Coupon Rate 3.250%	5/21/2021	55,000	54,934	US Bank/CAMP	3.25%	54,998
Bank of America Note - Coupon Rate 2.328%	10/1/2021	90,000	87,831	US Bank/CAMP	2.33%	90,000
Corporate Notes		2,500,000	2,466,865			2,504,565
Svenska Handelsbanken NY LT CD - Coupon Rate 1.890%	1/10/2019	200,000	199,891	US Bank/CAMP	1.91%	200,000
Bank of Montreal Chicago CD - Coupon Rate 1.880%	2/7/2019	180,000	179,879	US Bank/CAMP	1.90%	180,000
Sumitomo Mitsui Bank CD - Coupon Rate 2.050%	5/3/2019	180,000	179,551	US Bank/CAMP	2.05%	180,000
Skandinav Enskilda Banken NY CD - Coupon Rate 1.840%	8/2/2019	180,000	178,944	US Bank/CAMP	1.85%	179,930
MUFG Bank LTD/NY CD- Coupon Rate 2.070%	9/25/2019	100,000	99,240	US Bank/CAMP	2.07%	100,000
Credit Suisse New York CD- Coupon Rate 2.670%	2/7/2020	100,000	99,746	US Bank/CAMP	2.67%	100,000
Nordea Bank AB NY CD- Coupon Rate 2.720%	2/20/2020	90,000	89,494	US Bank/CAMP	2.72%	90,000
Bank of Nova Scotia Houston CD - Coupon Rate 3.080%	6/5/2020	100,000	100,205	US Bank/CAMP	3.10%	99,962
Westpac Banking Corp NY CD - Coupon Rate 2.050%	8/3/2020	150,000	147,676	US Bank/CAMP	2.05%	150,000
Swedbank (NewYork) CD- Coupon Rate 2.270%	11/16/2020	135,000	132,128	US Bank/CAMP	2.30%	135,000
Royal Bank of Canada NY CD- Coupon Rate 3.240%	6/7/2021	100,000	100,121	US Bank/CAMP	3.24%	100,000
Certificate of Deposit		1,515,000	1,506,875			1,514,892
CNH 2017-A A2 -Coupon Rate 1.640%	7/15/2020	43,535	43,473	US Bank/CAMP	1.80%	43,533
Toyota ABS 2017-A A3 - Coupon Rate 1.730%	2/15/2021	48,522	48,172	US Bank/CAMP	1.74%	48,516
John Deere ABS 2017-A A3 - Coupon Rate 1.780%	4/15/2021	28,593	28,369	US Bank/CAMP	1.79%	28,589
Toyota ABS 2017-B A3 - Coupon Rate 1.760%	7/15/2021	100,000	98,922	US Bank/CAMP	1.76%	99,992
Honda ABS 2017-1 A3 - Coupon Rate 1.720%	7/21/2021	35,160	34,813	US Bank/CAMP	1.72%	35,158
Hyundai ABS 2017-A A3 - Coupon Rate 1.760%	8/15/2021	40,000	39,560	US Bank/CAMP	1.76%	39,997
Nissan ABS 2017-A A3 - Coupon Rate 1.740%	8/15/2021	50,000	49,455	US Bank/CAMP	1.74%	49,985
Ally ABS 2017-2 A3 - Coupon Rate 1.780%	8/15/2021	65,632	65,147	US Bank/CAMP	1.79%	65,625
Honda ABS 2017-2 A3 - Coupon Rate 1.680%	8/15/2021	90,000	88,910	US Bank/CAMP	1.68%	89,992
CCCIT 2017-A9 A9 - Coupon Rate 1.800%	9/20/2021	100,000	99,049	US Bank/CAMP	1.80%	99,993
John Deere ABS 2017-B A3 - Coupon Rate 1.820%	10/15/2021	30,000	29,618	US Bank/CAMP	1.82%	29,998
Ford ABS 2017-B A3 - Coupon Rate 1.690%	11/15/2021	70,000	68,979	US Bank/CAMP	1.69%	69,997
American Express 2017-4 A - Coupon Rate 1.640%	12/15/2021	100,000	99,449	US Bank/CAMP	1.65%	99,984
Hyundai ABS 2017-B A3 - Coupon Rate 1.770%	1/15/2022	80,000	78,791	US Bank/CAMP	1.78%	79,986
Ally 2017-5 A3 - Coupon Rate 1.990%	3/15/2022	70,000	69,132	US Bank/CAMP	1.99%	69,995
Ford 2017-C A3 - Coupon Rate 2.010%	3/15/2022	110,000	108,497	US Bank/CAMP	2.02%	109,980
Citibank 2017-A3 A3 - Coupon Rate 1.920%	4/7/2022	100,000	98,519	US Bank/CAMP	1.82%	100,267
JDOT 2018-A A3 - Coupon Rate 2.660%	4/15/2022	20,000	19,865	US Bank/CAMP	2.66%	19,999
Hart 2018-A A3 - Coupon Rate 2.790%	7/15/2022	35,000	34,818	US Bank/CAMP	2.80%	34,995
MBart 2018-1 A3 - Coupon Rate 3.030%	1/15/2023	55,000	54,979	US Bank/CAMP	3.03%	54,998
CAMP Money Market Fund	NA	NA	558,315	US Bank/CAMP	2.36%	558,315
Asset Based Securities & Money Market		1,271,441	1,816,833			1,829,901
Total Camp Investments		8,657,519	9,099,048			9,196,485

Operational & Non-Interest Bearing Accounts						
ETWD General Cash Account	NA	NA	1,027,842	Union Bank of Cal.	0.00%	1,027,842
ETWD Capital Facilities Reserve Account	NA	NA	45,853	Union Bank of Cal.	0.00%	45,853
ETWD Payroll Account	NA	NA	0	Union Bank of Cal.	0.00%	0
ETWD Petty Cash Account	NA	NA	700	Union Bank of Cal.	0.00%	700

Operational & Non-Interest Accts.	1,074,396					1,074,396
	\$18,910,236			Total Investments & Cash		\$19,007,674



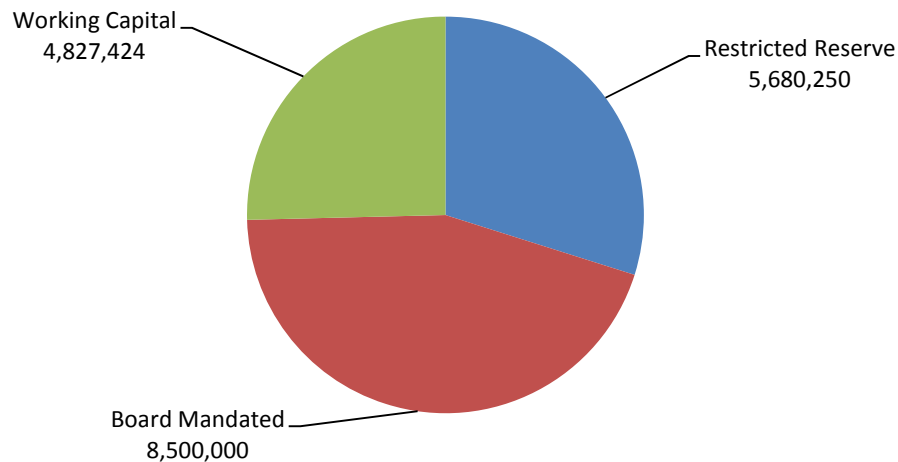
	November 30, 2018		June 30, 2018	
	\$	%	\$	%
DEMAND	\$ 10,369,504	54.55%	\$ 4,910,610	35.03%
30 Days	\$ -	0.00%	\$ -	0.00%
31-180 Days	\$ 712,727	3.75%	\$ 398,073	2.84%
181 - 360	\$ 1,261,611	6.64%	\$ 712,727	5.08%
361-1800 Days	\$ 6,663,832	35.06%	\$ 7,995,983	57.04%
TOTAL	\$ 19,007,674	100.00%	\$ 14,017,392	100.00%

EL TORO WATER DISTRICT

RESERVE ANALYSIS

30-Nov-18

Reserves



Restricted Reserve	\$	5,680,250
Board Mandated	\$	8,500,000
Capital Cash Flow / Compliance	\$	4,827,424
Total	\$	19,007,674

Restricted Reserve

SRFL-Recycled	\$	1,602,958
Capital Facilities Reserve	\$	64,514
Tiered Cons Fund	\$	2,377,754
Baker Funding	\$	1,635,024
Total	\$	5,680,250

Board Mandated Minimum Reserve Levels

Capital Construction	\$	3,000,000
Rate Stabilization	\$	2,200,000
Operations	\$	1,300,000
Working Capital	\$	2,000,000
Total	\$	8,500,000

Six months operating expense requirement:
Cash less restricted reserve on hand:

\$11,119,197
\$13,327,424

EL TORO WATER DISTRICT CHANGE IN RESERVES

	<u>November 30, 2018</u>	<u>Year to Date</u>	<u>June 30, 2018</u>
Operating Revenue	1,879,360	11,334,559	25,184,176
Non-operating Revenue	232,055	820,451	1,581,002
Total Revenue	<u>2,111,415</u>	<u>12,155,010</u>	<u>26,765,179</u>
Operating Expenses	1,546,204	9,001,738	21,367,838
Depreciation	366,470	1,832,350	4,229,724
Non-operating Expenses	64,088	320,442	805,729
Total Expenses	<u>1,976,762</u>	<u>11,154,530</u>	<u>26,403,291</u>
NET INCOME	134,652	1,000,480	361,888
Non-Cash Items:			
Add: Depreciation	366,470	1,832,350	4,229,724
Change in Notes Receivable/Grant Fund	-	-	-
Loan Proceeds	-	4,977,548	-
Less: Debt Service	-	-	(1,739,637)
Capital Improvements	(78,749)	(1,574,544)	(6,021,629)
Total Non-Cash Items	<u>287,721</u>	<u>5,235,354</u>	<u>(3,531,542)</u>
CHANGE IN RESERVES	<u><u>422,374</u></u>	<u><u>6,235,834</u></u>	<u><u>(3,169,655)</u></u>

EL TORO WATER DISTRICT
Cash Sheet
For the month ending November 30, 2018

CHECK NUMBER	PAYMENT DATE	VENDOR NAME	PAYMENT AMOUNT
86044	11/08/2018	MUNICIPAL WATER DISTRICT OF ORANGE CO.	524,268.35
86039	11/08/2018	IRVINE RANCH WATER DISTRICT	177,431.53
86001	11/01/2018	MOULTON NIGUEL WATER DISTRICT	131,544.00
86090	11/20/2018	ACWA HEALTH BENEFITS AUTHORITY	119,632.06
86139	11/29/2018	SO. CALIFORNIA EDISON CO.	76,990.11
TOTAL CHECKS OVER \$50,000			\$ 1,029,866.05
TOTAL CHECKS IN REGISTER			\$ 1,343,668.33

INTERBANK WIRES / DEBIT TRANSFERS

11/09/2018	PAYROLL DIRECT DEPOSIT	142,285.80
11/09/2018	FEDERAL DEPOSIT LIABILITY	29,066.76
11/09/2018	SDI & STATE TAX	10,712.87
11/09/2018	WAGE GARNISHMENTS	585.00
11/09/2018	PRUDENTIAL (401K)	49,041.47
11/09/2018	PRUDENTIAL (457)	14,708.16
11/15/2018	PAYROLL BOARD OF DIRECTOR	6,061.37
11/15/2018	SS, MEDICARE, SDI & STATE TAX	1,739.09
11/15/2018	PRUDENTIAL (457)	3,235.00
11/23/2018	PAYROLL DIRECT DEPOSIT	140,977.07
11/23/2018	FEDERAL DEPOSIT LIABILITY	27,949.66
11/23/2018	SDI & STATE TAX	10,421.60
11/23/2018	WAGE GARNISHMENTS	585.00
11/23/2018	PRUDENTIAL (401K)	48,124.62
11/23/2018	PRUDENTIAL (457)	14,316.51
11/30/2018	ADP AND BANK FEES	6,802.35
TOTAL INTERBANK WIRES / DEBIT TRANSFERS		\$ 506,612.33

TOTAL DISBURSEMENTS \$ 1,850,280.66

ETWD EMPLOYEES

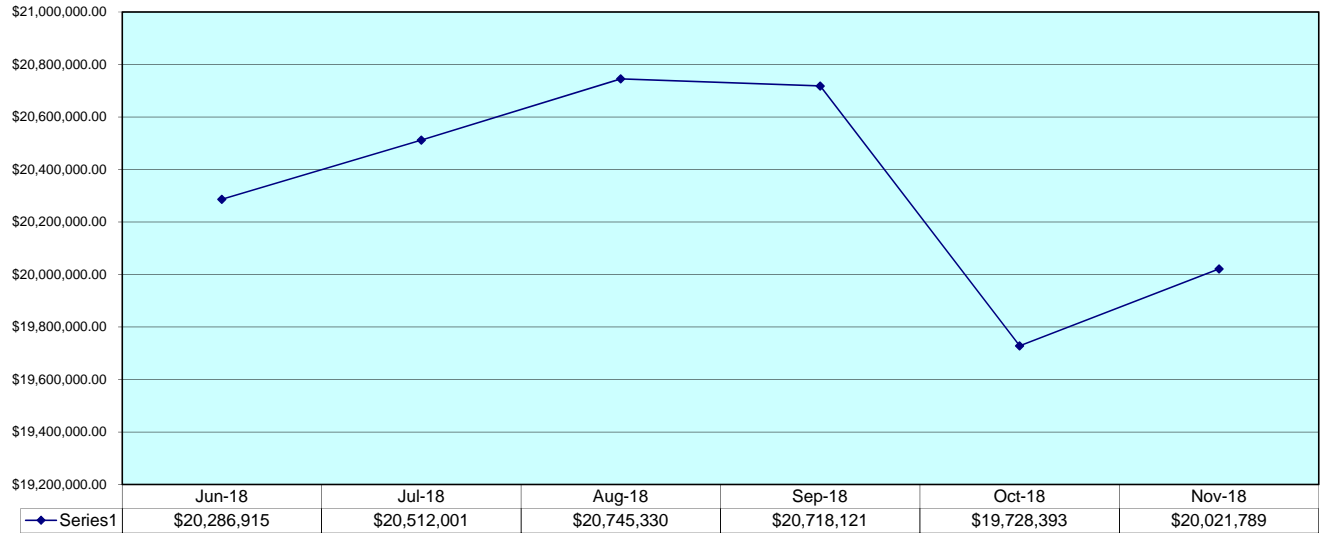
CHECK NUMBER	PAYMENT DATE	PAYEE (DESCRIPTION)	PAYMENT AMOUNT
86051	11/08/2018	RICK BROWN (Expense Reimbursement)	360.00
85995	11/01/2018	DAVID HAYDEN (Expense Reimbursement)	318.74
86013	11/01/2018	STEVEN HANCOCK (Expense Reimbursement)	220.00
86030	11/08/2018	CHAU VUONG (Expense Reimbursement)	162.52
86068	11/15/2018	DANIEL LOPEZ (Expense Reimbursement)	162.50
86074	11/15/2018	MARISOL MELENDEZ (Expense Reimbursement)	160.00
86103	11/20/2018	JUDY CIMORELL (Expense Reimbursement)	150.00
86080	11/15/2018	RAYMUND LLADA (Expense Reimbursement)	145.00
85993	11/01/2018	CESAR CASSANI (Expense Reimbursement)	125.00
86000	11/01/2018	JIM REDDING (Expense Reimbursement)	119.87
86009	11/01/2018	SHERRI A. SEITZ (Expense Reimbursement)	117.72
86012	11/01/2018	STEVE SANCHEZ (Expense Reimbursement)	116.40
86052	11/08/2018	ROBERT YOUNG (Expense Reimbursement)	115.00
85994	11/01/2018	DAVE BURTON (Expense Reimbursement)	110.00
TOTAL CHECKS TO EMPLOYEES			\$ 2,382.75

ETWD DIRECTORS

CHECK NUMBER	PAYMENT DATE	PAYEE (DESCRIPTION)	PAYMENT AMOUNT
86040	11/08/2018	JOSE VERGARA (Expense Reimbursement)	179.31
86042	11/08/2018	MARK MONIN (Expense Reimbursement)	147.15
86034	11/08/2018	FREDERICK ADJARIAN (Expense Reimbursement)	135.98
86041	11/08/2018	KATHRYN FRESHLEY (Expense Reimbursement)	120.99
TOTAL CHECKS TO DIRECTORS			\$ 583.43

EL TORO WATER DISTRICT 401K PLAN SUMMARY

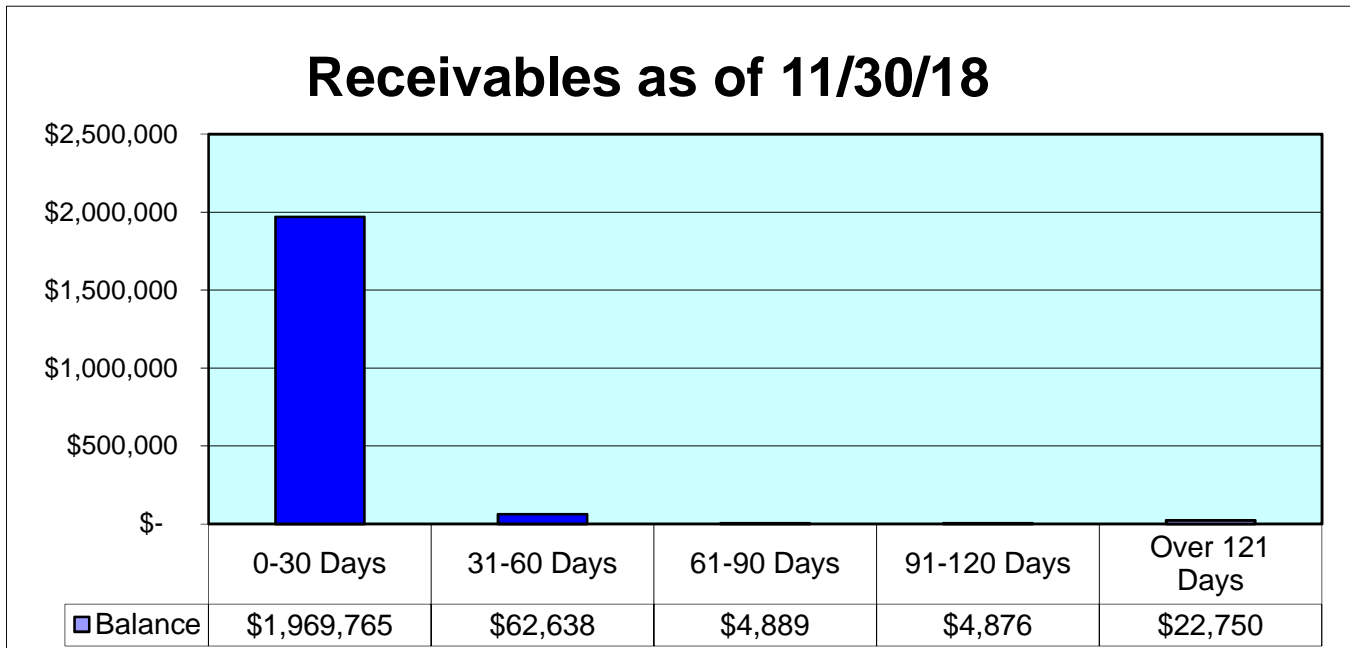
401K PLAN MARKET VALUE



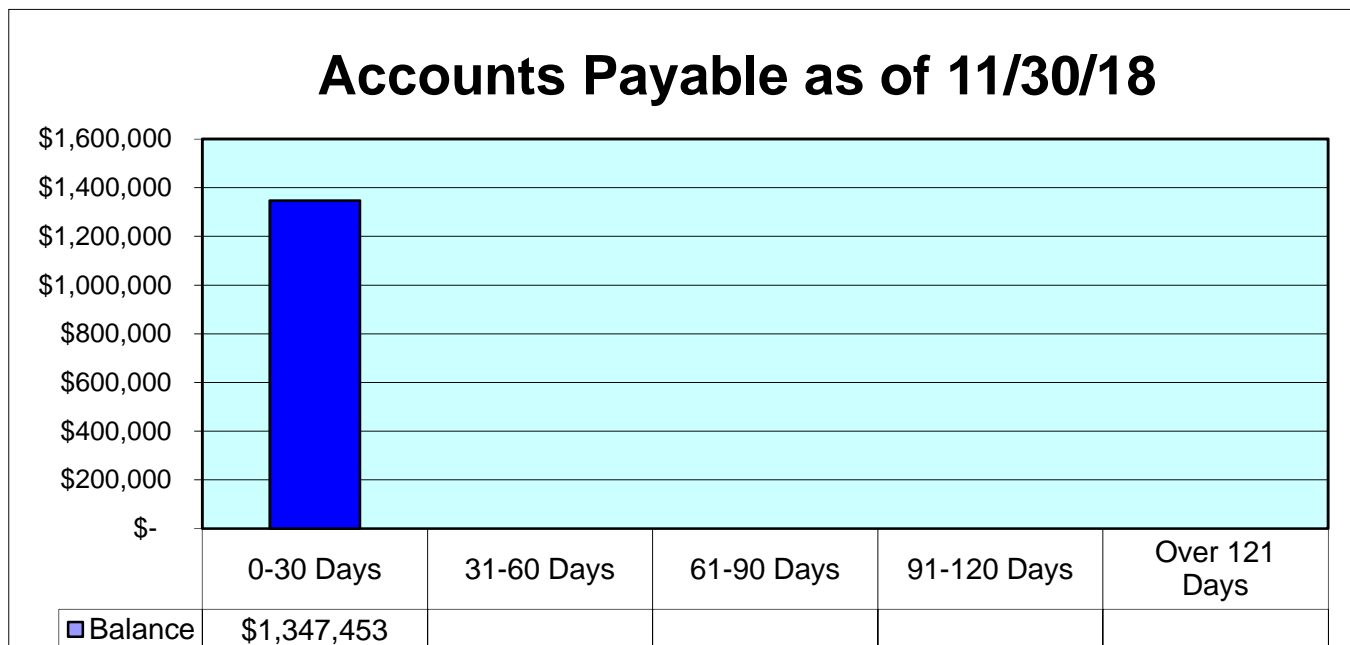
MARKET VALUE SUMMARY							
	Growth Under 40 yrs. Old	Capital Appreciation 40 to 44 yrs. Old	Balanced 45 to 49 yrs. Old	Balanced Income 50 to 54 yrs. Old	Income & Growth 55 to 59 yrs. Old	Income 60 to 64 yrs. Old	Capital Pres. Port Over 65 yrs. Old
Balance at July 1, 2018	\$ 1,361,579.56	\$0.00	\$2,590,730.79	\$0.00	\$11,389,155.42	\$0.00	\$4,945,449.62
Contributions	108,061.68	22,775.44	60,501.47	80,081.80	135,913.28	70,139.30	63,255.53
Withdrawals	(82,829.35)	0.00	0.00	0.00	(59,980.00)	(39,971.03)	(207,278.27)
Transfers	(107,465.90)	460,635.42	(1,052,400.42)	5,554,333.46	(5,594,854.49)	2,794,956.15	(2,055,204.22)
Interest, dividends and appreciation net of fees and charges	(22,907.32)	(18,863.12)	(56,509.63)	(203,868.63)	(12,947.34)	(93,141.81)	(7,558.56)
Balance at November 30, 2018	\$ 1,256,438.67	\$464,547.74	\$1,542,322.21	\$5,430,546.63	\$5,857,286.87	\$2,731,982.61	\$2,738,664.10
Average return YTD November 30, 2018	-1.82%	-4.06%	-3.66%	-3.75%	-0.22%	-3.41%	-0.28%

Average return is calculated by dividing the interest, dividends and appreciation, net of fees by ending fund balance and then annualize.

RECEIVABLES & PAYABLES AGEING



Bad Debts Year to Date: \$399

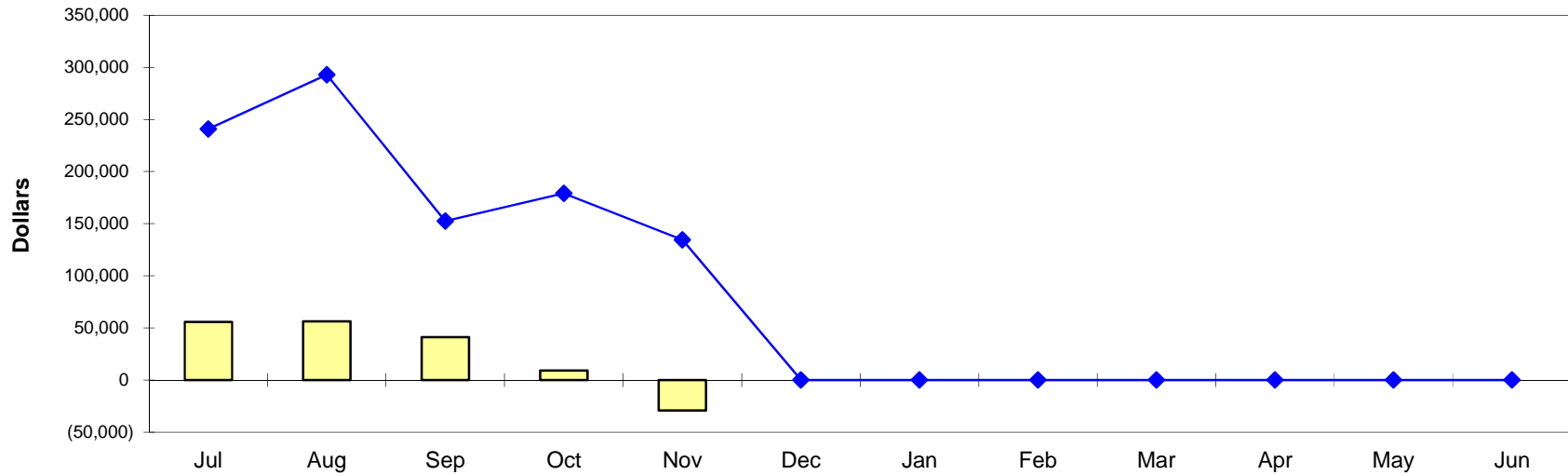


Year to Date Discounts Taken: \$783

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El Toro Water District
Income Statement
November 2018

	Nov 18	Budget	% of Budget	Jul - Nov 18	YTD Budget	% of Budget	Annual Budget
Income							
4600 · Water Service Charge	280,347.55	280,341.25	100.0%	1,373,505.13	1,401,706.25	97.99%	3,364,095.00
4700 · Sanitary Service	661,555.17	650,000.00	101.78%	3,273,802.96	3,250,000.00	100.73%	7,800,000.00
4722 · Recycled Water Tertiary Sales	43,249.69	131,940.59	32.78%	846,686.27	812,121.02	104.26%	1,695,000.00
4724 · Service Charge - Recycled Water	18,954.50	18,750.00	101.09%	93,071.20	93,750.00	99.28%	225,000.00
4750 · Capital Facilities Charge	250,432.00	251,250.00	99.67%	1,252,340.61	1,256,250.00	99.69%	3,015,000.00
4800 · Commodity Charge	612,477.98	732,973.04	83.56%	4,444,628.95	4,511,597.26	98.52%	9,416,278.00
4950 · Other Operating Income	12,343.00	4,583.33	269.3%	39,523.60	22,916.69	172.47%	55,000.00
4960 · Other Income	84,263.21	45,812.51	183.93%	287,201.40	229,062.43	125.38%	549,750.00
4967 · SMWD	0.00	9,166.67	0.0%	0.00	45,833.31	0.0%	110,000.00
4970 · MNWD	0.00	1,916.67	0.0%	11,000.00	9,583.31	114.78%	23,000.00
4980 · Interest Income	28,497.30	11,250.00	253.31%	131,984.18	56,250.00	234.64%	135,000.00
4985 · Changes FMV CAMP	43,829.68			37,646.53			
4986 · Changes FMV LAIF	0.00			-9,602.20			
4990 · Property Taxes	75,464.49	72,916.67	103.49%	373,221.07	364,583.31	102.37%	875,000.00
Total Income	2,111,414.57	2,210,900.73	95.5%	12,155,009.70	12,053,653.58	100.84%	27,263,123.00
Gross Profit	2,111,414.57	2,210,900.73	95.5%	12,155,009.70	12,053,653.58	100.84%	27,263,123.00
Expense							
5100 · Personnel Cost	643,864.46	690,653.10	93.23%	3,243,897.82	3,453,265.55	93.94%	8,287,837.25
5405 · Water Purchases	473,825.43	624,998.89	75.81%	3,519,904.69	3,845,357.98	91.54%	8,027,968.00
5410 · Electrical Power	77,948.12	89,787.48	86.81%	486,808.81	448,937.64	108.44%	1,077,450.00
5415 · Repair Parts & Materials	16,815.08	32,133.75	52.33%	135,357.98	160,668.75	84.25%	385,605.00
5420 · Equipment Maintenance & Repair	5,125.55	8,172.52	62.72%	35,214.46	40,862.36	86.18%	98,070.00
5425 · Pump Maintenance & Repair	1,631.61	10,525.01	15.5%	44,835.44	52,624.93	85.2%	126,300.00
5430 · Motor Maintenance & Repair	0.00	2,150.01	0.0%	0.00	10,749.93	0.0%	25,800.00
5440 · Electrical/Contl Maint & Repair	4,348.52	5,791.67	75.08%	11,543.92	28,958.31	39.86%	69,500.00
5445 · Meter Maintenance & Repair	0.00	291.66	0.0%	0.00	1,458.38	0.0%	3,500.00
5455 · Chemicals	15,482.42	18,008.33	85.97%	87,159.46	90,041.69	96.8%	216,100.00
5460 · Structure Maint & Repair	5,669.22	1,780.00	318.5%	15,714.08	8,900.00	176.56%	21,360.00
5465 · Asphalt Maintenance & Repair	19,300.00	8,141.66	237.05%	41,360.00	40,708.38	101.6%	97,700.00
5470 · Consultants	5,060.55	9,516.67	53.18%	8,591.70	47,583.31	18.06%	114,200.00
5475 · Contractors	86,085.84	102,599.15	83.91%	451,564.12	512,995.95	88.03%	1,231,190.00
5480 · Engineers	779.00	6,333.33	12.3%	8,941.47	31,666.69	28.24%	76,000.00
5482 · Dump Fees	1,287.90	1,333.34	96.59%	4,279.33	6,666.62	64.19%	16,000.00
5485 · Laboratory	0.00	2,950.00	0.0%	8,964.78	14,750.00	60.78%	35,400.00
5490 · License & Permits	10,760.35	10,736.30	100.22%	24,449.47	53,680.90	45.55%	128,835.00
5495 · Gas & Oil	7,684.45	7,500.00	102.46%	42,330.83	37,500.00	112.88%	90,000.00
5500 · Equipment Rental	1,757.70	1,366.67	128.61%	8,484.29	6,833.31	124.16%	16,400.00
5505 · Landscaping	11,223.66	8,671.67	129.43%	55,597.96	43,358.31	128.23%	104,060.00
5510 · Small Tools & Equipment	11,855.53	5,129.17	231.14%	16,551.07	25,645.81	64.54%	61,550.00
5515 · Security	1,594.23	1,587.94	100.4%	10,942.66	7,939.42	137.83%	19,055.00
5520 · Operating Supplies	5,876.31	4,333.33	135.61%	21,111.11	21,666.69	97.44%	52,000.00
5525 · Safety Equipment	113.90	3,216.67	3.54%	2,005.64	16,083.31	12.47%	38,600.00
5530 · Temporary Help	0.00	2,833.34	0.0%	0.00	14,166.62	0.0%	34,000.00
5535 · Other Employee Cost	9,710.09	7,500.00	129.47%	52,904.48	37,500.00	141.08%	90,000.00
5540 · Depreciation	366,470.00	358,333.33	102.27%	1,832,350.00	1,791,666.69	102.27%	4,300,000.00
5545 · Insurance	44,886.79	40,712.49	110.25%	214,773.14	203,562.57	105.51%	488,550.00
5555 · Advertising & Publicity	0.00	208.33	0.0%	200.00	1,041.69	19.2%	2,500.00
5560 · Amortization	570.49	570.83	99.94%	2,852.45	2,854.19	99.94%	6,850.00
5570 · Annual Event	240.84	445.83	54.02%	240.84	2,229.19	10.8%	5,350.00
5575 · Audit	0.00	2,500.00	0.0%	19,500.00	12,500.00	156.0%	30,000.00
5580 · Bad Debts	0.00	1,666.67	0.0%	399.16	8,333.31	4.79%	20,000.00
5585 · Bank Charges	6,802.35	4,708.33	144.48%	27,068.27	23,541.69	114.98%	56,500.00
5590 · Data Processing Supply & Access	729.96	3,041.66	24.0%	12,220.15	15,208.38	80.35%	36,500.00
5595 · Data Processing Equipment	0.00	3,333.34	0.0%	6,164.68	16,666.62	36.99%	40,000.00
5600 · Data Processing Consultants	1,800.00	2,083.33	86.4%	29,288.00	10,416.69	281.16%	25,000.00
5605 · Directors Fees	10,750.00	8,750.00	122.86%	46,485.00	43,750.00	106.25%	105,000.00
5610 · Dues & Memberships	8,846.77	6,833.33	129.47%	35,858.85	34,166.69	104.95%	82,000.00
5615 · Education & Training	2,779.70	2,437.50	114.04%	12,390.61	12,187.50	101.67%	29,250.00
5620 · Election Expense	0.00	2,500.00	0.0%	0.00	12,500.00	0.0%	30,000.00
5625 · Employee Service Awards	150.00	483.33	31.04%	1,995.19	2,416.69	82.56%	5,800.00
5630 · Software Maintenance & Licenses	3,983.45	13,416.67	29.69%	58,634.23	67,083.31	87.41%	161,000.00
5640 · Interest Expense	64,088.38	64,088.42	100.0%	320,441.90	320,442.06	100.0%	769,061.00
5645 · Janitorial	2,775.00	2,816.67	98.52%	14,001.00	14,083.31	99.42%	33,800.00
5650 · Legal	17,021.59	12,500.00	136.17%	42,522.33	62,500.00	68.04%	150,000.00
5655 · Meets, Conventions & Travel	1,479.24	3,250.00	45.52%	14,780.97	16,250.00	90.96%	39,000.00
5657 · Meets, Con & Travel - Directors	3,761.34	2,333.33	161.2%	16,163.64	11,666.69	138.55%	28,000.00
5660 · Office Supplies	2,690.47	1,916.67	140.37%	5,108.24	9,583.31	53.3%	23,000.00
5670 · Postage	108.00	1,708.33	6.32%	3,660.25	8,541.69	42.85%	20,500.00
5675 · Printing & Reproduction	120.00	1,750.00	6.86%	6,880.20	8,750.00	78.63%	21,000.00
5680 · Property Tax	392.91	458.33	85.73%	2,945.94	2,291.69	128.55%	5,500.00
5685 · Public Education & Outreach	8,174.88	18,600.00	43.95%	35,672.13	93,000.00	38.36%	223,200.00
5690 · Publications & Subscriptions	99.99	250.00	40.0%	1,561.83	1,250.00	124.95%	3,000.00
5695 · Communications	9,156.90	8,500.00	107.73%	46,005.70	42,500.00	108.25%	102,000.00
5700 · Utilities	1,083.34	1,775.00	61.03%	5,849.86	8,875.00	65.91%	21,300.00
Total Expense	1,976,762.31	2,240,013.38	88.25%	11,154,530.13	11,920,429.80	93.58%	27,408,141.25
	Nov 18	Budget	% of Budget	Jul - Nov 18	YTD Budget	% of Budget	Annual Budget
Net Income	134,652.26	-29,112.65	-462.52%	1,000,479.57	133,223.78	750.98%	-145,018.25

ANALYSIS OF REVENUE & EXPENSE
Fiscal Year 2018/2019

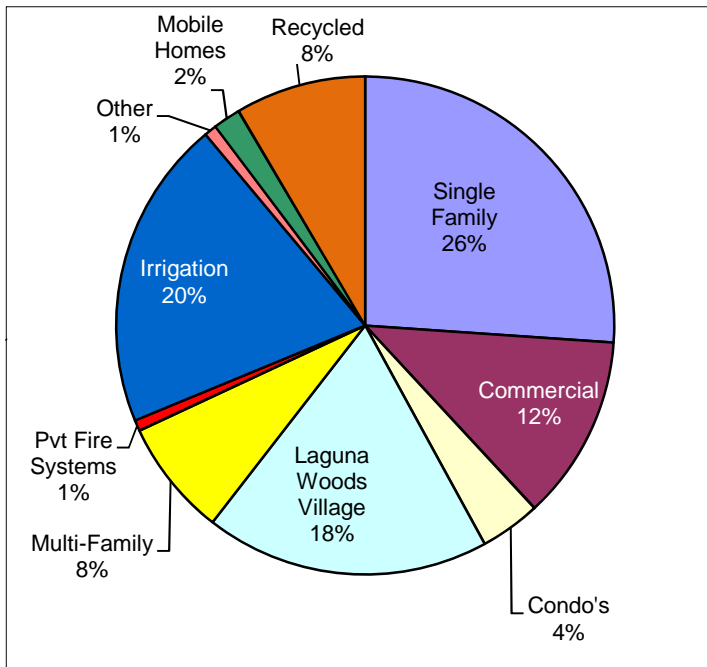
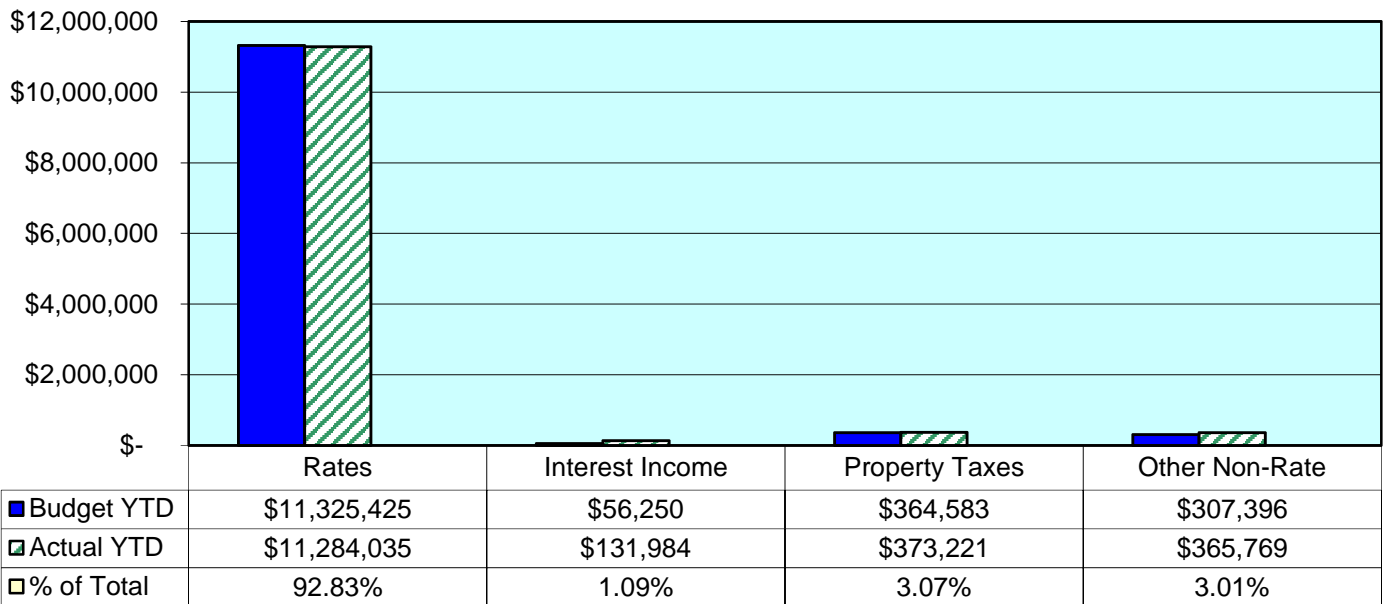


ANALYSIS OF REVENUES & EXPENSES
BUDGET COMPARED TO ACTUAL
FISCAL YEAR 2018/2019

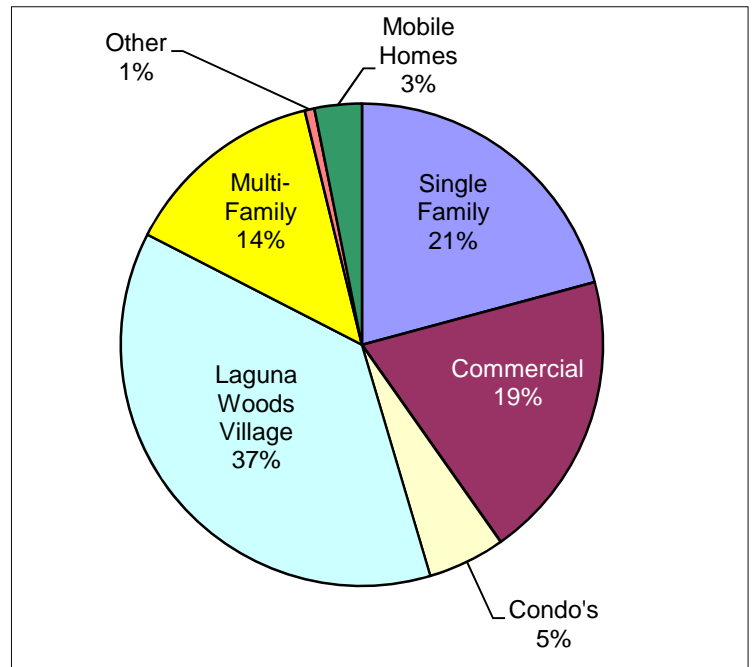
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Budget												
Revenue	2,515,047	2,517,047	2,463,124	2,347,535	2,210,901							
Expense	2,459,295	2,460,738	2,421,860	2,338,524	2,240,013							
Profit/Loss	55,752	56,309	41,264	9,012	(29,113)	0	0	0	0	0	0	0
Actual												
Revenue	2,470,725	2,786,638	2,286,776	2,499,456	2,111,415							
Expense	2,229,745	2,493,502	2,134,197	2,320,325	1,976,762							
Profit/Loss	240,979	293,137	152,579	179,132	134,652	0	0	0	0	0	0	0

EL TORO WATER DISTRICT REVENUES FROM WATER & WASTE WATER SALES AS OF 11/30/18

Where the Money Comes From



WATER REVENUE YTD 2018/2019



WASTE WATER REVENUE YTD 2018/2019

**EL TORO WATER DISTRICT
REVENUE COMPARISON
For the Month Ended November 30, 2018**

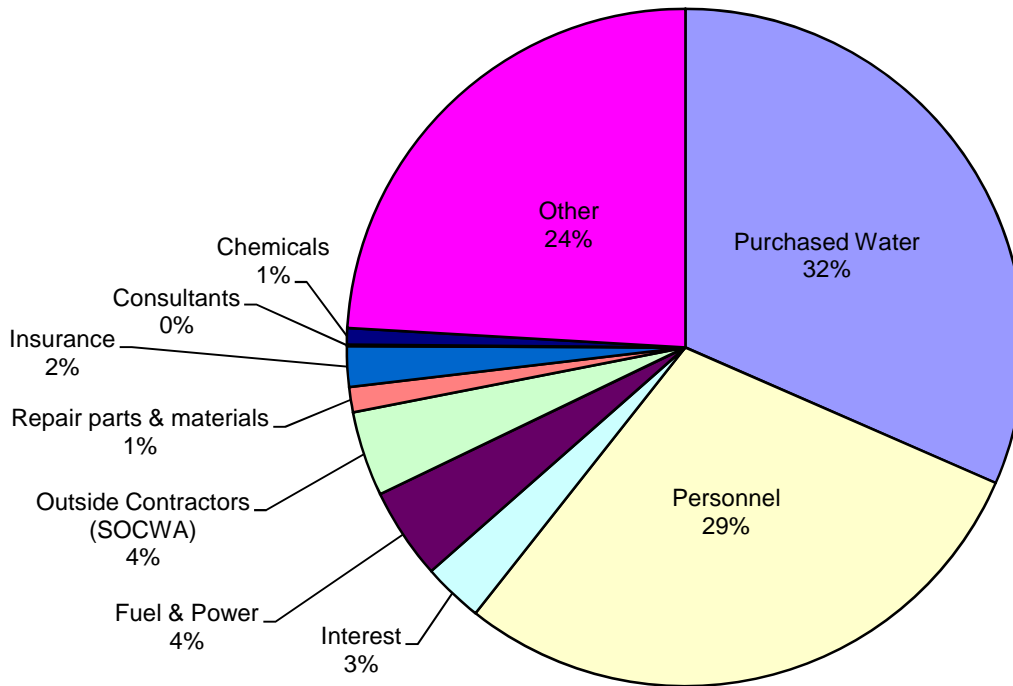
	ACTUAL	CURRENT MONTH BUDGET	VARIANCE DOLLARS	% +/-	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE DOLLARS	% +/-	BUDGET	REMAINING BUDGET
<u>From Rates</u>										
Capital Facilities Charge	\$ 250,432	\$ 251,250	\$ (818)	0%	\$ 1,252,341	\$ 1,256,250	\$ (3,909)	0%	\$ 3,015,000	\$ 1,762,659
Water sales - Commodity	612,478	732,973	(120,495)	-16%	4,444,629	4,511,597	(66,968)	-1%	9,416,278	4,971,649
Water sales - Fixed Meter	280,348	280,341	6	0%	1,373,505	1,401,706	(28,201)	-2%	3,364,095	1,990,590
Waste water sales	661,555	650,000	11,555	2%	3,273,803	3,250,000	23,803	1%	7,800,000	4,526,197
Recycled water tertiary sales	43,250	131,941	(88,691)	-67%	846,686	812,121	34,565	4%	1,695,000	848,314
Service charge - Recycled water	18,955	18,750	205	1%	93,071	93,750	(679)	-1%	225,000	131,929
TOTAL FROM RATES	1,867,017	2,065,255	(198,238)	-10%	11,284,035	11,325,425	(41,389)	0%	25,515,373	14,231,338
<u>Non-rate Revenue</u>										
Admin fee	9,308	1,600	7,708	482%	26,389	8,000	18,389	230%	19,200	(7,189)
48 Hour notice fee	2,900	2,451	449	18%	11,930	12,257	(327)	-3%	29,416.44	17,486
Restoration fee	-	370	(370)	-100%	700	1,850	(1,150)	-62%	4,440	3,740
Unpaid check fee	135	150	(15)	-10%	505	750	(245)	-33%	1,800	1,295
Cut lock fee	-	12	(12)	-100%	-	60	(60)	-100%	144	144
TOTAL NON-RATE	12,343	4,583	7,760	169%	39,524	22,917	16,607	72%	55,000	15,477
<u>Other Revenue</u>										
Interest	28,497	11,250	17,247	153%	131,984	56,250	75,734	135%	135,000	3,016
Change FMV Investment	43,830	-	43,830	0%	28,044	-	28,044	0%	-	(28,044)
Property taxes	75,464	72,917	2,548	3%	373,221	364,583	8,638	2%	875,000	501,779
Other	84,263	45,813	38,450	84%	287,201	229,062	58,139	25%	549,750	262,549
TOTAL OTHER REVENUE	232,055	129,979	102,076	79%	820,451	649,896	170,555	26%	1,559,750	739,299
<u>Contract Service</u>										
Santa Margarita W. D.	-	9,167	(9,167)	-100%	-	45,833	(45,833)	-100%	110,000	110,000
Moulton Niguel W. D.	-	1,917	(1,917)	-100%	11,000	9,583	1,417	15%	23,000	12,000
TOTAL CONTRACT SERVICES	-	11,083	(11,083)	-100%	11,000	55,417	(44,417)	-80%	133,000	122,000
 TOTAL REVENUE	 \$ 2,111,415	 \$ 2,210,901	 \$ (99,486)	 -4%	 \$ 12,155,010	 \$ 12,053,654	 \$ 101,356	 1%	 \$ 27,263,123	 \$ 15,108,114

**EL TORO WATER DISTRICT
NON-RATE REVENUE ANALYSIS
FOR THE MONTH ENDING November 30, 2018**

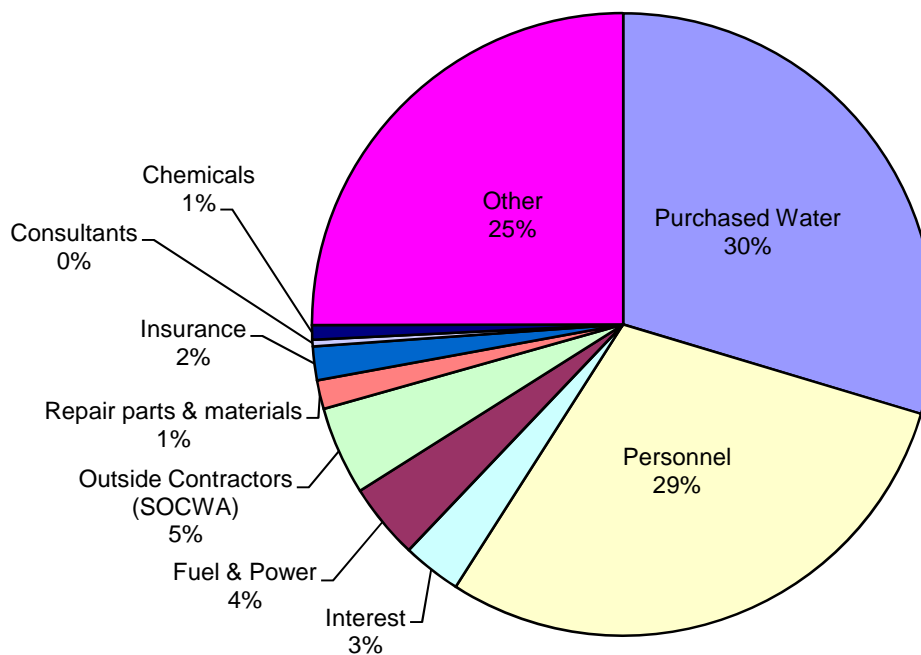
	Nov-18 Actual	Nov-18 Budget	Jul 18- Nov 18 YTD Actual	Jul 18- Nov 18 YTD Budget
Site Leases	13,034	26,229	78,587	131,146
MWD Recycled Water LRP Rebate	37,500	17,917	165,150	89,583
JPIA Refund	-	-	3,982	-
MWDOC Budget Based Tier & 2015 Urban Water Refund		-	-	-
Recycled Metal	11,717	-	12,883	-
Diesel Fuel Tax Refund	-	-	248	-
Edison Rebate for Turbo Blower	21,694		21,694	-
Misc Work for Customers	318	1,667	4,657	8,333
	<u>\$ 84,263</u>	<u>\$ 45,813</u>	<u>\$ 287,201</u>	<u>\$ 229,063</u>
Other Operating Income				
Sales to Santa Margarita	-		-	
Sales to Moulton Niguel	-		-	
	<u>-</u>		<u>-</u>	
Total	<u>84,263</u>		<u>287,201</u>	

WHERE THE MONEY GOES

YTD EXPENSES AT 11/30/18



EXPENSES YEAR ENDING 6/30/18



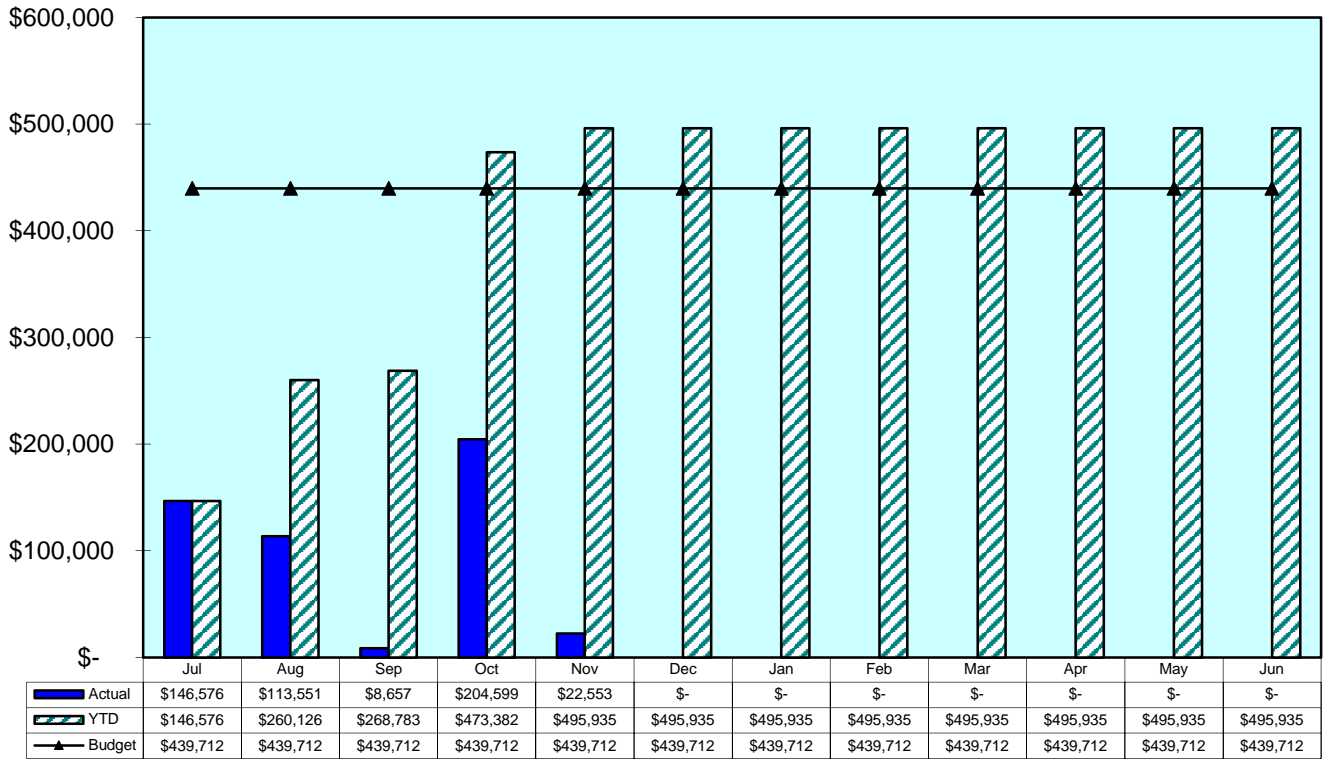
EL TORO WATER DISTRICT
Expense Comparison
For the Month Ended November 30, 2018

	ACTUAL	CURRENT MONTH BUDGET	VARIANCE DOLLARS	% +/-	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE DOLLARS	% +/-	Annual BUDGET	REMAINING BUDGET
<u>Operating Expenses</u>										
Personnel cost	\$643,864	\$690,653	\$46,789	7%	\$3,243,898	\$3,453,266	\$209,368	6%	\$8,287,837	5,043,939
Purchased water	473,825	624,999	151,173	24%	3,519,905	3,845,358	325,453	8%	8,027,968	4,508,063
Electrical power	77,948	89,787	11,839	13%	486,809	448,938	(37,871)	-8%	1,077,450	590,641
Repair parts & materials	16,815	32,134	15,319	48%	135,358	160,669	25,311	16%	385,605	250,247
Equipment repairs & maintenance	5,126	8,173	3,047	37%	35,214	40,862	5,648	14%	98,070	62,856
Pump repairs & maintenance	1,632	10,525	8,893	84%	44,835	52,625	7,789	15%	126,300	81,465
Motor repairs & maintenance	-	2,150	2,150	100%	0	10,750	10,750	100%	25,800	25,800
Electrical repairs & maintenance	4,349	5,792	1,443	25%	11,544	28,958	17,414	60%	69,500	57,956
Meter repairs & maintenance	-	292	292	100%	0	1,458	1,458	100%	3,500	3,500
Chemicals	15,482	18,008	2,526	14%	87,159	90,042	2,882	3%	216,100	128,941
Structure repairs & maintenance	5,669	1,780	(3,889)	-218%	15,714	8,900	(6,814)	-77%	21,360	5,646
Asphalt repairs & maintenance	19,300	8,142	(11,158)	-137%	41,360	40,708	(652)	-2%	97,700	56,340
Consultants - outside	5,061	9,517	4,456	47%	8,592	47,583	38,992	82%	114,200	105,608
Contractors - outside	86,086	102,599	16,513	16%	451,564	512,996	61,432	12%	1,231,190	779,626
Engineers - outside	779	6,333	5,554	88%	8,941	31,667	22,725	72%	76,000	67,059
Dump fees	1,288	1,333	45	3%	4,279	6,667	2,387	36%	16,000	11,721
Laboratories	-	2,950	2,950	100%	8,965	14,750	5,785	39%	35,400	26,435
License & permits	10,760	10,736	(24)	0%	24,449	53,681	29,231	54%	128,835	104,386
Automotive fuel & oil	7,684	7,500	(184)	-2%	42,331	37,500	(4,831)	-13%	90,000	47,669
Equipment rental	1,758	1,367	(391)	-29%	8,484	6,833	(1,651)	-24%	16,400	7,916
Landscaping	11,224	8,672	(2,552)	-29%	55,598	43,358	(12,240)	-28%	104,060	48,462
Small tools & equipment	11,856	5,129	(6,726)	-131%	16,551	25,646	9,095	35%	61,550	44,999
Security	1,594	1,588	(6)	0%	10,943	7,939	(3,003)	-38%	19,055	8,112
Operating supplies	5,876	4,333	(1,543)	-36%	21,111	21,667	556	3%	52,000	30,889
Safety equipment	114	3,217	3,103	96%	2,006	16,083	14,078	88%	38,600	36,594
Temporary help	-	2,833	2,833	100%	0	14,167	14,167	100%	34,000	34,000
Other employee cost	9,710	7,500	(2,210)	-29%	52,904	37,500	(15,404)	-41%	90,000	37,096
Employee service awards	150	483	333	69%	1,995	2,417	422	17%	5,800	3,805
Education & training	2,780	2,438	(342)	-14%	12,391	12,188	(203)	-2%	29,250	16,859
Total Operating Expenses	1,420,730	1,670,962	250,233	15%	8,352,901	9,075,175	722,274	8%	20,579,530	12,226,629

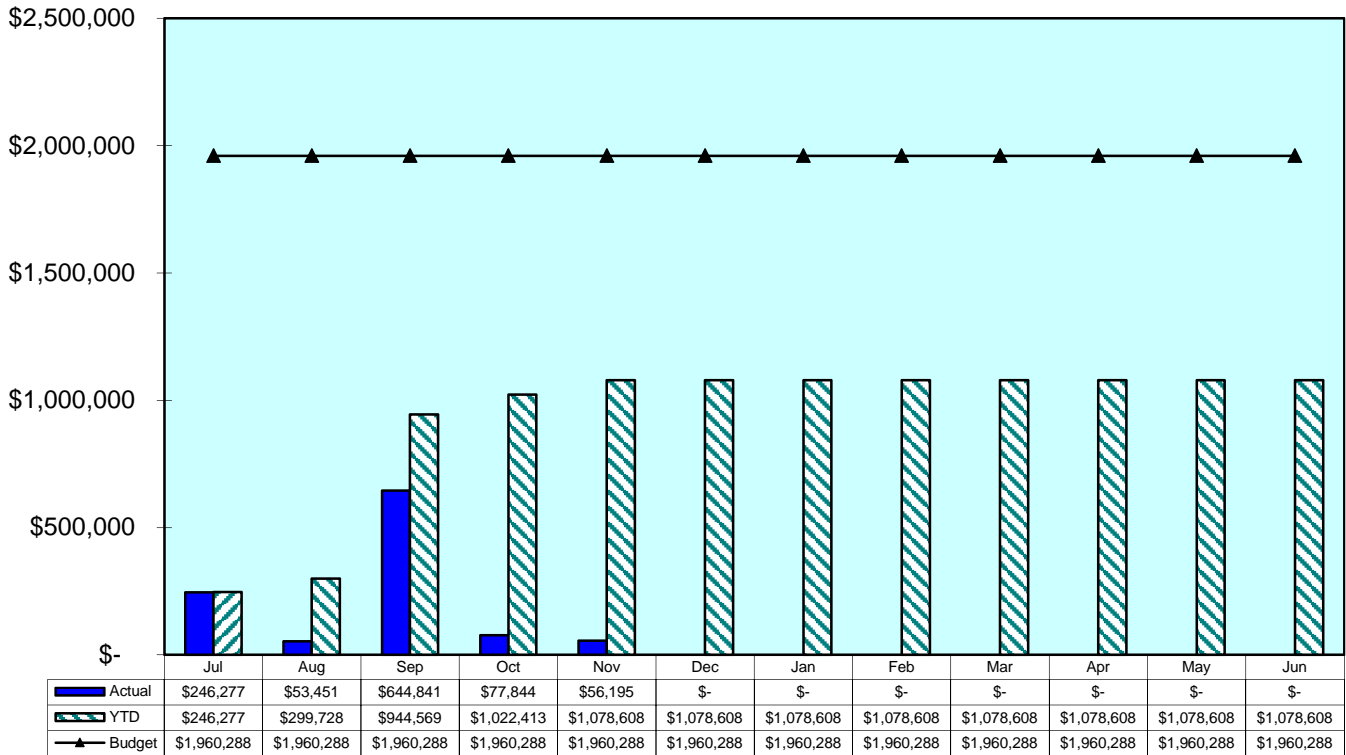
EL TORO WATER DISTRICT
Expense Comparison
For the Month Ended November 30, 2018

	ACTUAL	CURRENT MONTH BUDGET	VARIANCE DOLLARS	% +/-	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE DOLLARS	% +/-	Annual BUDGET	REMAINING BUDGET
<u>Indirect Cost</u>										
Depreciation	366,470	358,333	(8,137)	-2%	1,832,350	1,791,667	(40,683)	-2%	4,300,000	2,467,650
Amortization	570	571	0	0%	2,852	2,854	2	0%	6,850	3,998
Insurance	44,887	40,712	(4,174)	-10%	214,773	203,563	(11,211)	-6%	488,550	273,777
Data processing supplies & assc.	730	3,042	2,312	76%	12,220	15,208	2,988	20%	36,500	24,280
Data processing equipment	0	3,333	3,333	100%	6,165	16,667	10,502	63%	40,000	33,835
Data processing consultants	1,800	2,083	283	14%	29,288	10,417	(18,871)	-181%	25,000	(4,288)
Software maintenance & licenses	3,983	13,417	9,433	70%	58,634	67,083	8,449	13%	161,000	102,366
Janitorial	2,775	2,817	42	1%	14,001	14,083	82	1%	33,800	19,799
Printing & reproduction	120	1,750	1,630	93%	6,880	8,750	1,870	21%	21,000	14,120
Publications & subscriptions	100	250	150	60%	1,562	1,250	(312)	-25%	3,000	1,438
Communications - voice	1,680	3,333	1,653	50%	11,531	16,667	5,136	31%	40,000	28,469
Communications - data	4,606	2,667	(1,939)	-73%	20,359	13,333	(7,026)	-53%	32,000	11,641
Communications - mobile	2,871	2,500	(371)	-15%	14,116	12,500	(1,616)	-13%	30,000	15,884
Utilities	1,083	1,775	692	39%	5,850	8,875	3,025	34%	21,300	15,450
Total Indirect Cost	431,676	436,583	4,907	1%	2,230,581	2,182,917	(47,664)	-2%	5,239,000	3,008,419
<u>Overhead Cost</u>										
Annual events	241	446	205	46%	241	2,229	1,988	89%	5,350	5,109
Audit	-	2,500	2,500	100%	19,500	12,500	(7,000)	-56%	30,000	10,500
Bad debts	-	1,667	1,667	100%	399	8,333	7,934	95%	20,000	19,601
Bank charges	6,802	4,708	(2,094)	-44%	27,068	23,542	(3,527)	-15%	56,500	29,432
Directors fees	10,750	8,750	(2,000)	-23%	46,485	43,750	(2,735)	-6%	105,000	58,515
Dues & memberships	8,847	6,833	(2,013)	-29%	35,859	34,167	(1,692)	-5%	82,000	46,141
Election Expense	-	2,500	2,500	100%	0	12,500	12,500	100%	30,000	30,000
Interest	64,088	64,088	0	0%	320,442	320,442	0	0%	769,061	448,619
Legal	17,022	12,500	(4,522)	-36%	42,522	62,500	19,978	32%	150,000	107,478
Meetings, conventions & travel	1,479	3,250	1,771	54%	14,781	16,250	1,469	9%	39,000	24,219
Meets, con & travel - Directors	3,761	2,333	(1,428)	-61%	16,164	11,667	(4,497)	-39%	28,000	11,836
Office supplies	2,690	1,917	(774)	-40%	5,108	9,583	4,475	47%	23,000	17,892
Postage	108	1,708	1,600	94%	3,660	8,542	4,881	57%	20,500	16,840
Property taxes	393	458	65	14%	2,946	2,292	(654)	-29%	5,500	2,554
Advertising & Publicity	-	208	208	100%	200	1,042	842	81%	2,500	2,300
Public education & outreach	8,175	18,600	10,425	56%	35,672	93,000	57,328	62%	223,200	187,528
Total Overhead Cost	124,357	132,468	8,111	6%	571,048	662,338	91,290	14%	1,589,611	1,018,563
TOTAL EXPENSES	\$1,976,762	\$2,240,013	\$263,251	12%	\$11,154,530	\$11,920,430	\$765,900	6%	\$27,408,141	\$16,253,611

COST ANALYSIS - EQUIPMENT 11/18



COST ANALYSIS - PROJECTS 11/18



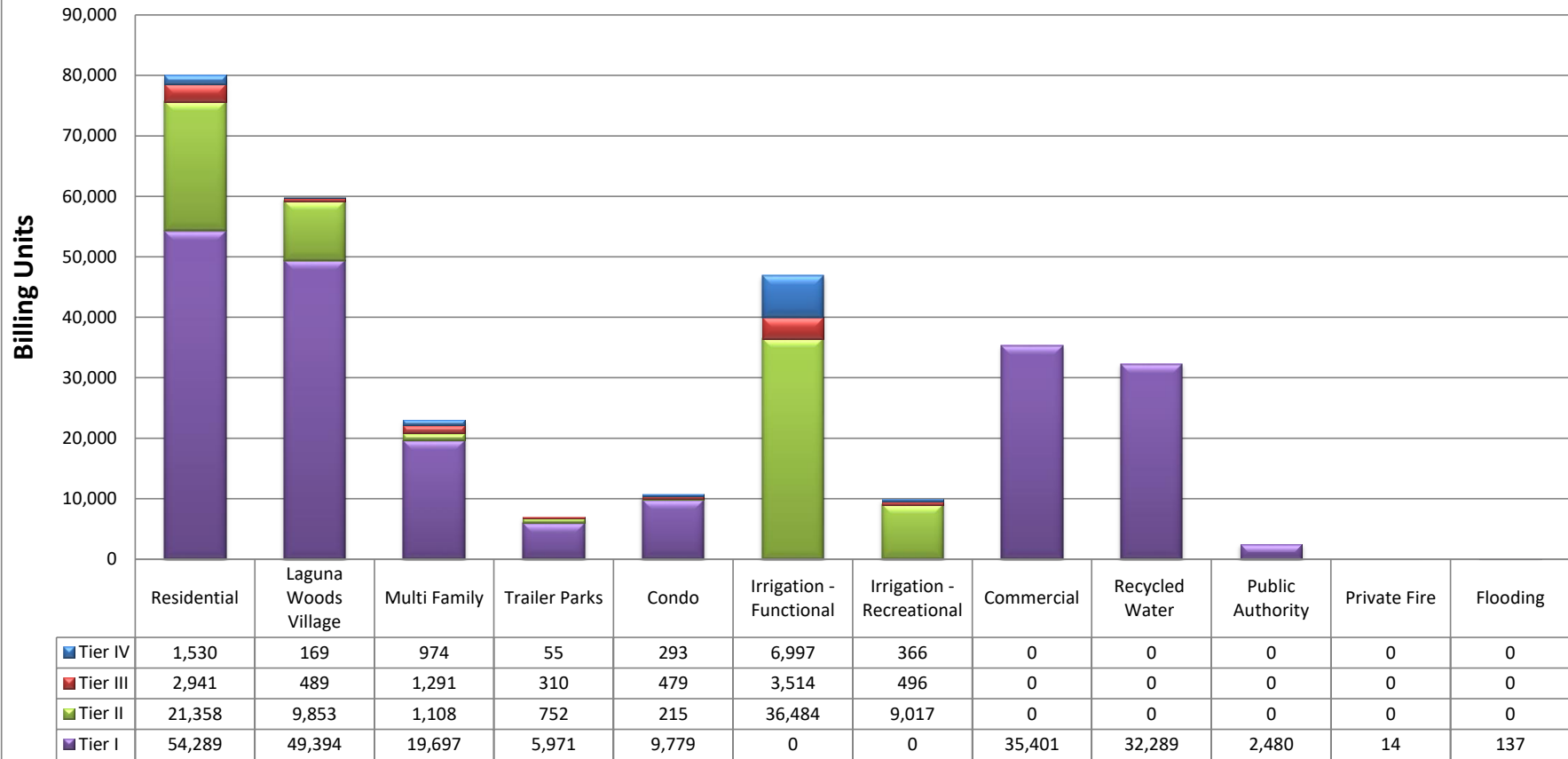
BUDGET SCHEDULE

FY 2019/2020

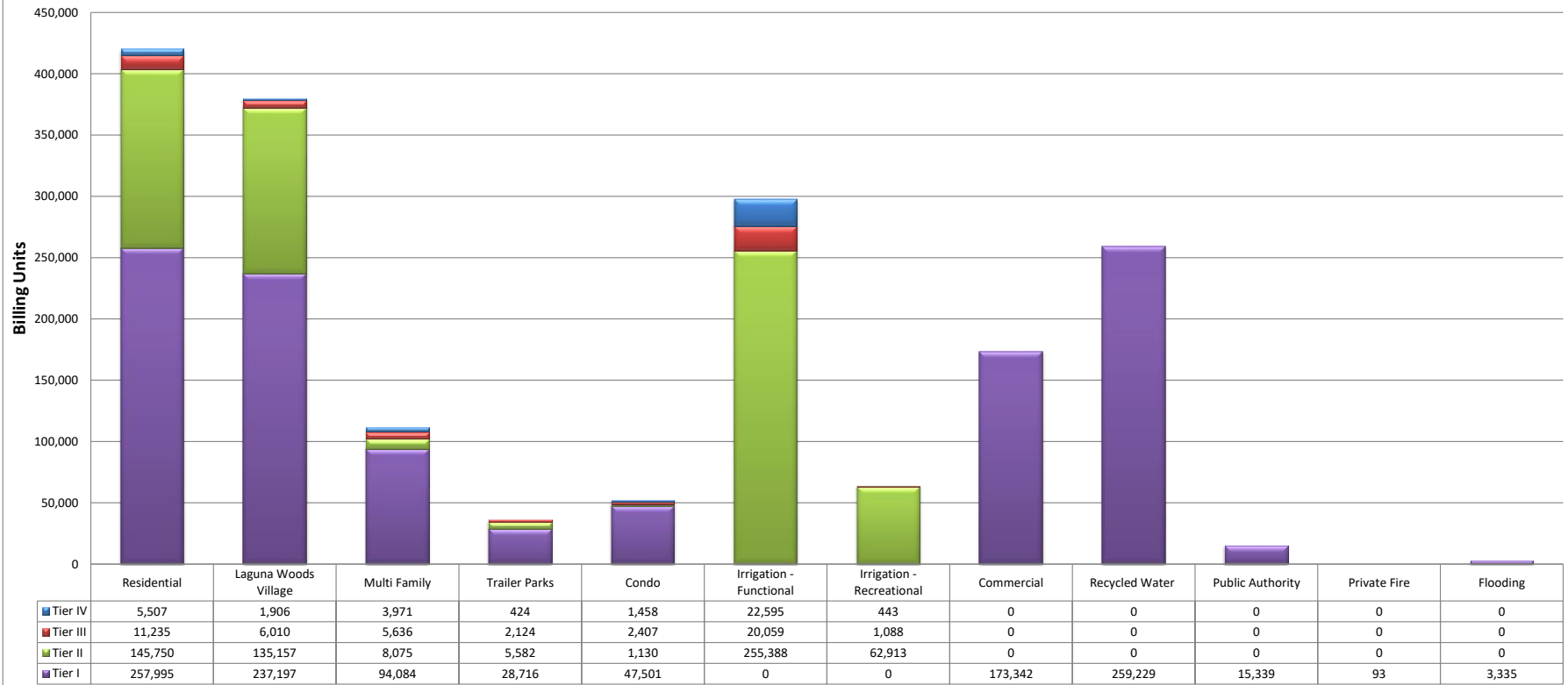
DESCRIPTION	DATE	DAY
Board Budget Committee #1	3/22/2019	Fri
Board Budget Committee #2	4/5/2019	Fri
Board Budget Workshop	4/18/2019	Thurs
E, F & I Budget Update	4/23/2019	Tues
Distribute Prop 218 Notice	5/6/2019	Mon
CAG	5/9/2019	Thurs
Publish Public Hearing Notice - Newspaper	6/3/2019	Mon
E, F & I Budget Update	6/25/2019	Tues
Conduct Public Hearing - Regular Board Meeting	6/27/2019	Thurs
Implement Board Action	7/1/2019	Mon

Note: Board Budget Committee #1, 2, and workshop are at 7:30 am

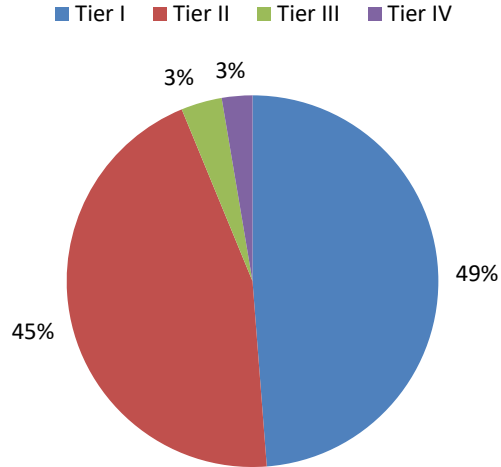
November 2018 Water Sales



Year-to-Date Water Sales as of November 2018

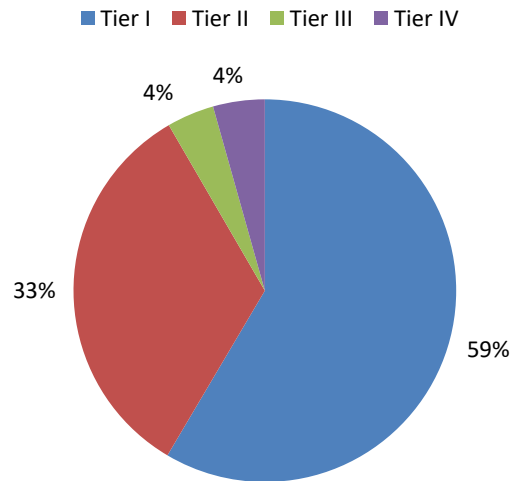


Year to Date Tiered Sales As of November 2018



Year To Date Sales in ccf		
Tier I	665,493	48.78%
Tier II	613,995	45.00%
Tier III	48,559	3.56%
Tier IV	36,304	2.66%
	1,364,351	100.00%

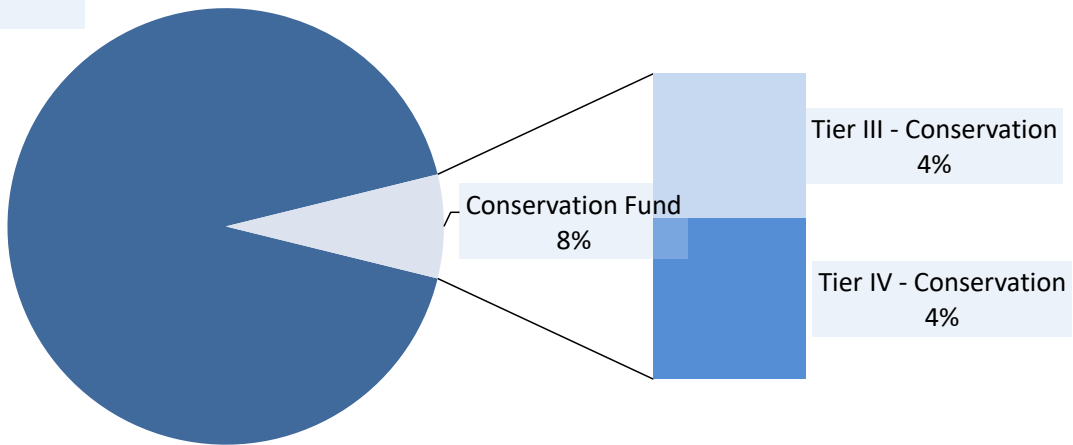
November 2018 Tiered Sales



Current Month Sales in ccf		
Tier I	139,130	58.50%
Tier II	78,787	33.13%
Tier III	9,520	4.00%
Tier IV	10,384	4.37%
	237,821	100.00%

Year to Date Water Sales as of November 2018

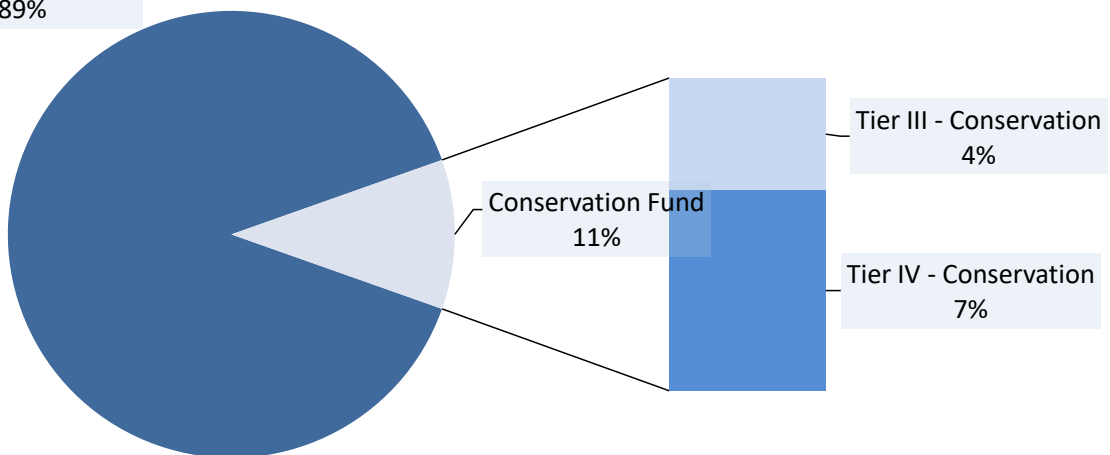
Water Delivery Cost
92%



Category	Billings	Percentage
Water Delivery Cost	\$3,726,710.63	92.33%
Tier III - Conservation	\$146,540.16	3.63%
Tier IV - Conservation	\$163,069.00	4.04%
	\$4,036,319.79	100.00%

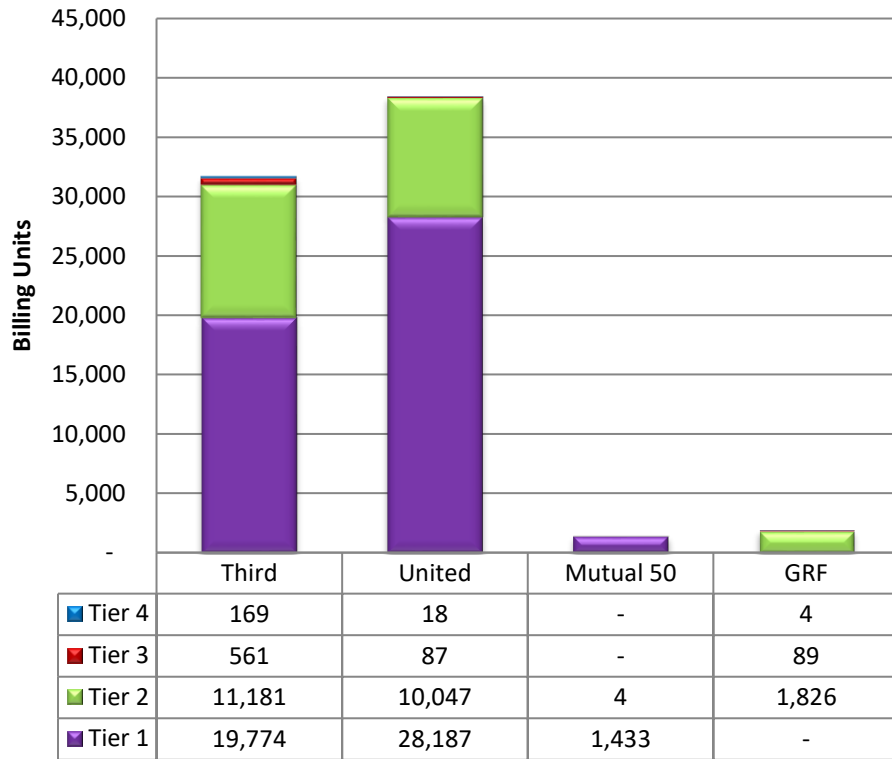
November 2018 Water Sales

Water Delivery Cost
89%

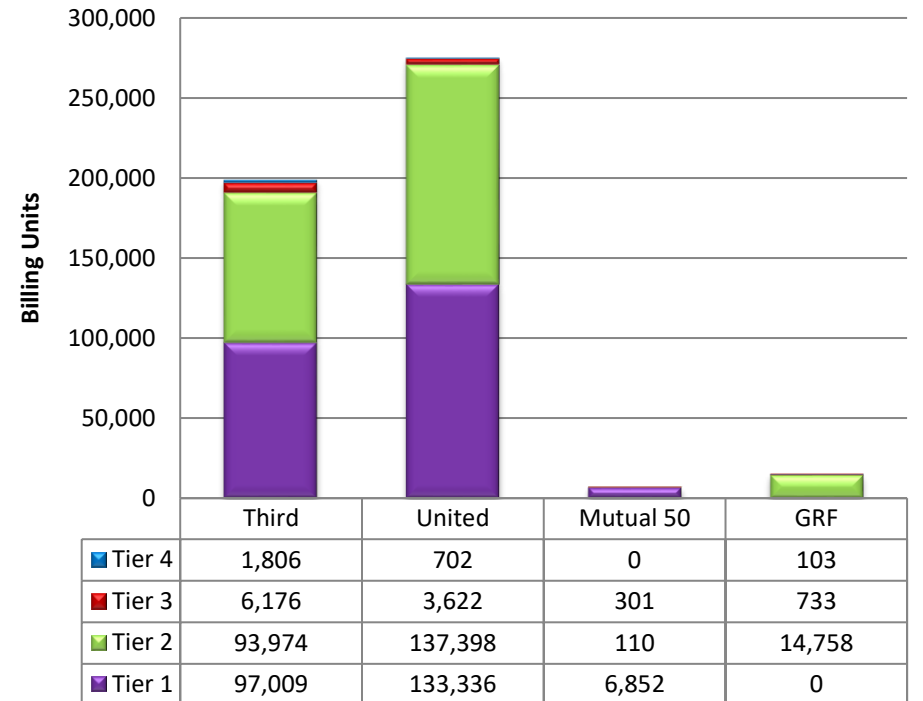


Category	Billings	Percentage
Water Delivery Cost	\$639,902.03	89.19%
Tier III - Conservation	\$27,861.60	3.88%
Tier IV - Conservation	\$49,713.82	6.93%
	\$717,477.45	100.00%

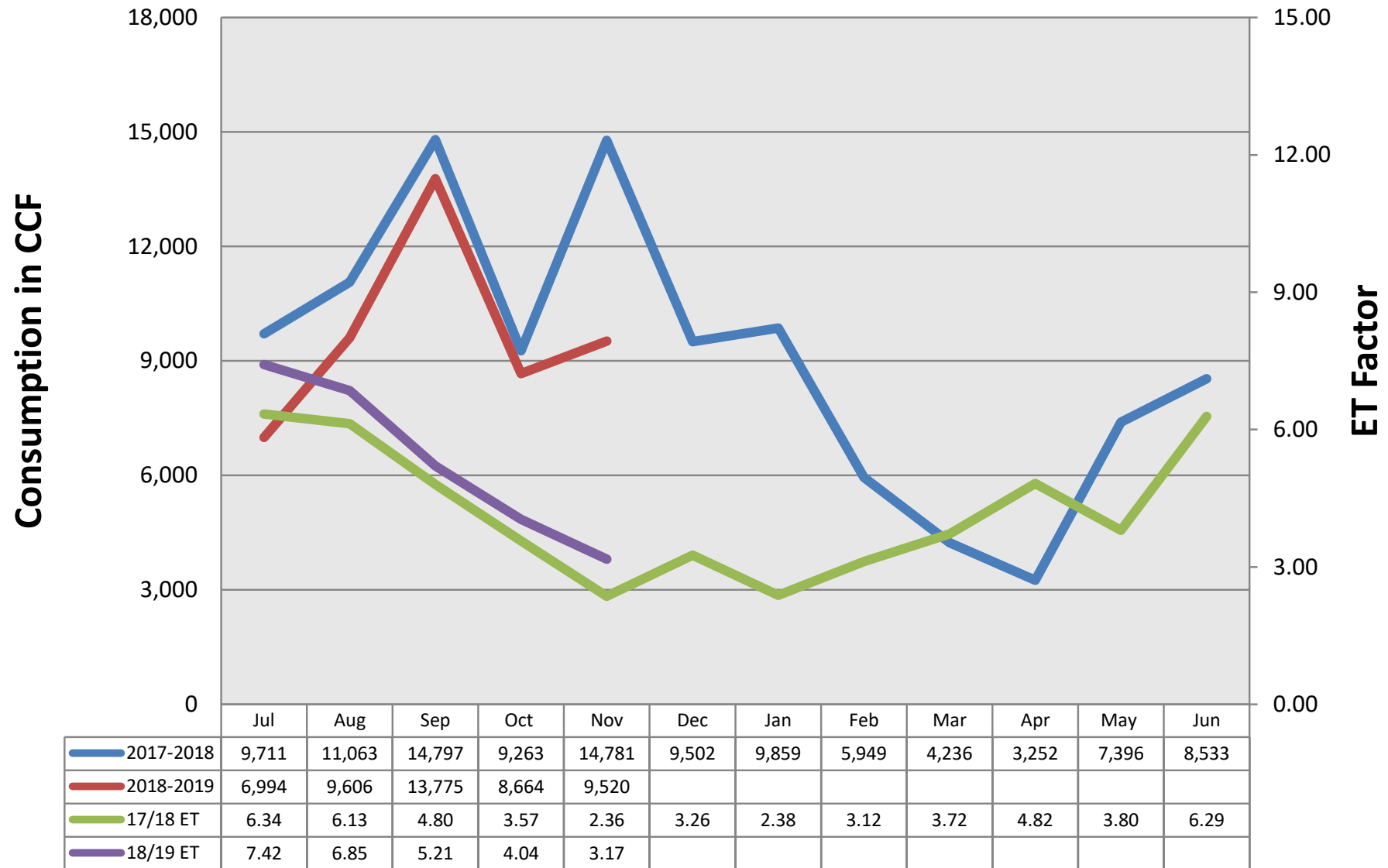
Laguna Woods Village November 2018 Water Sales



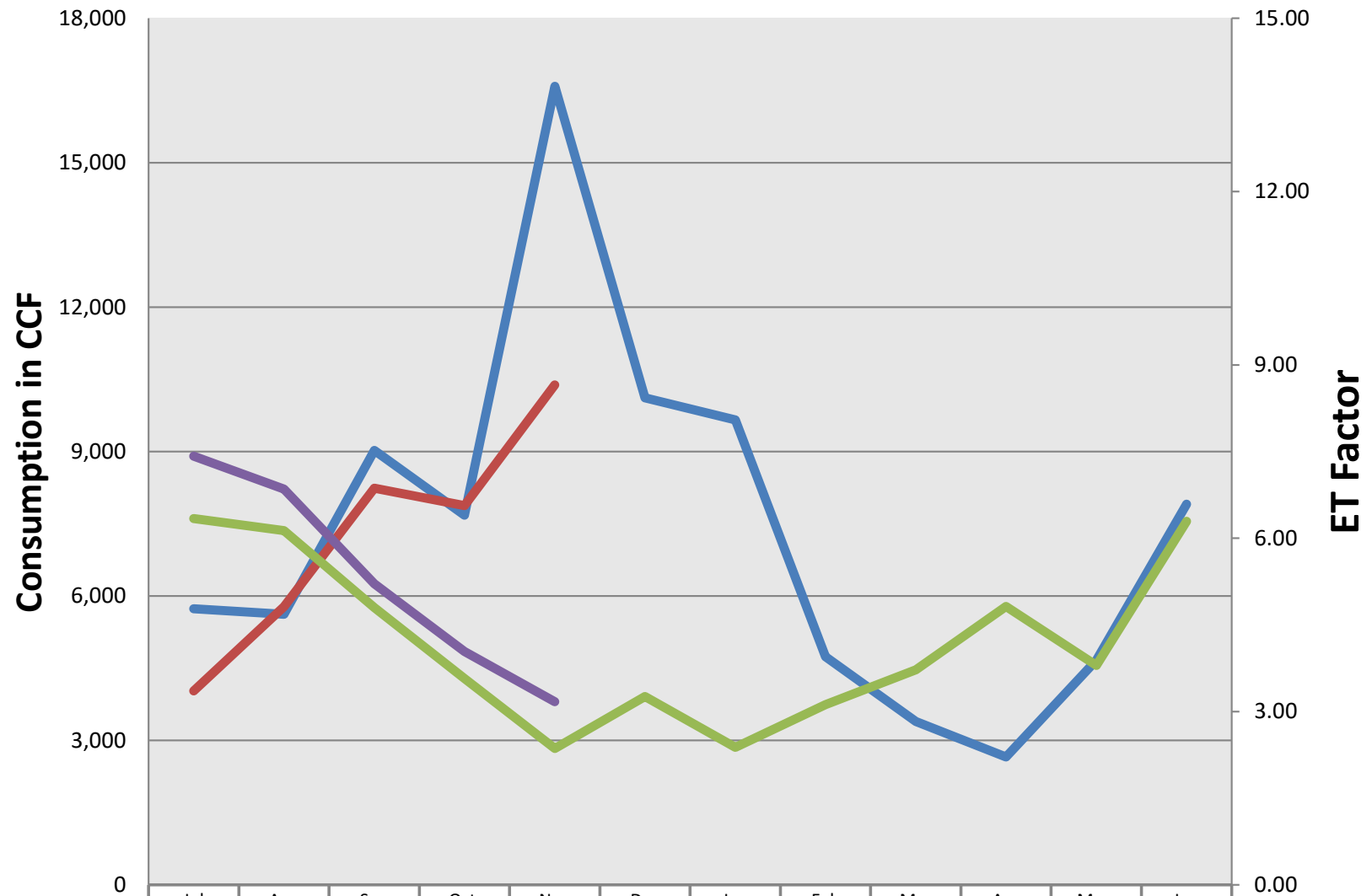
Laguna Woods Village Year-to-Date Water Sales November 2018



Tier III Consumption

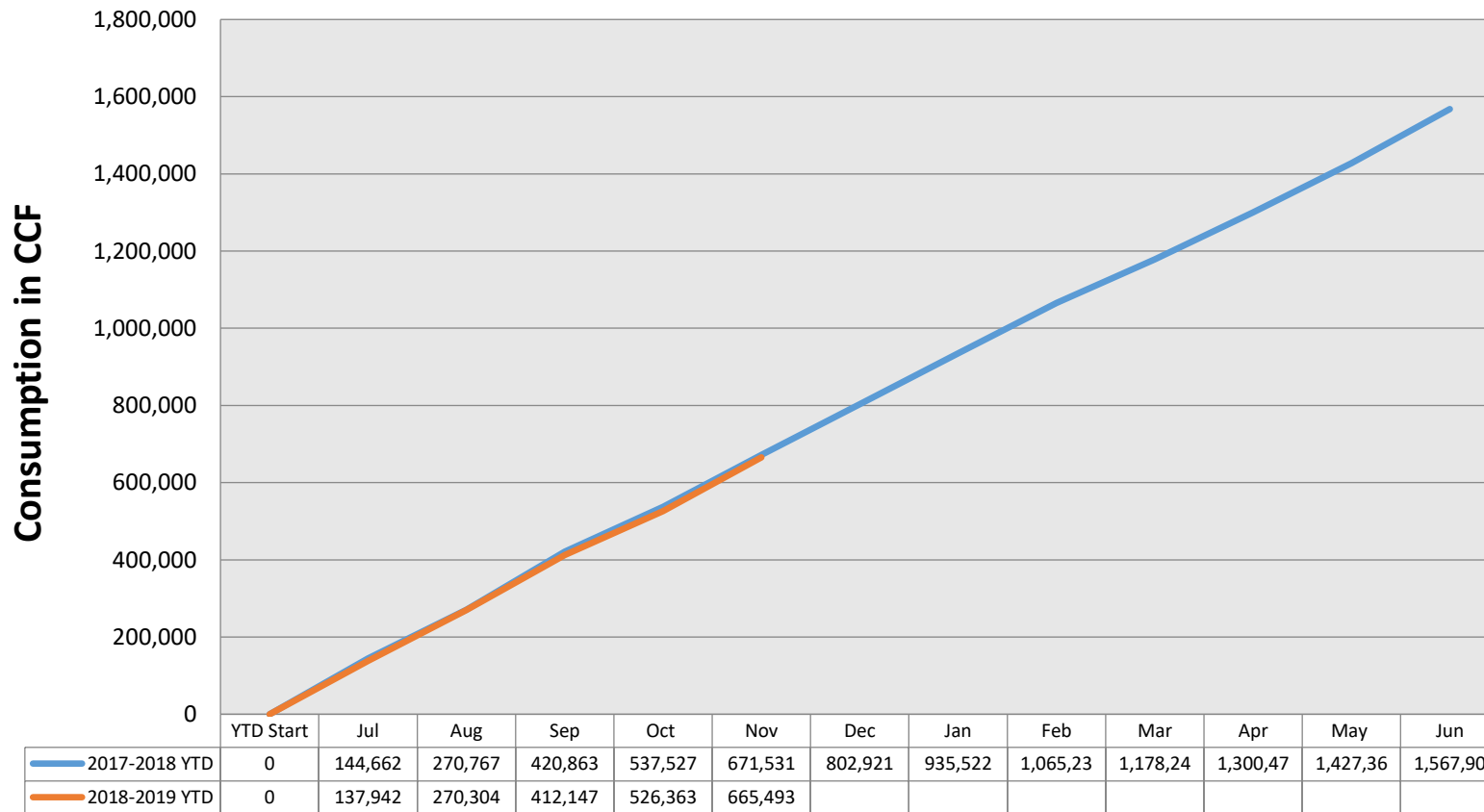


Tier IV Consumption

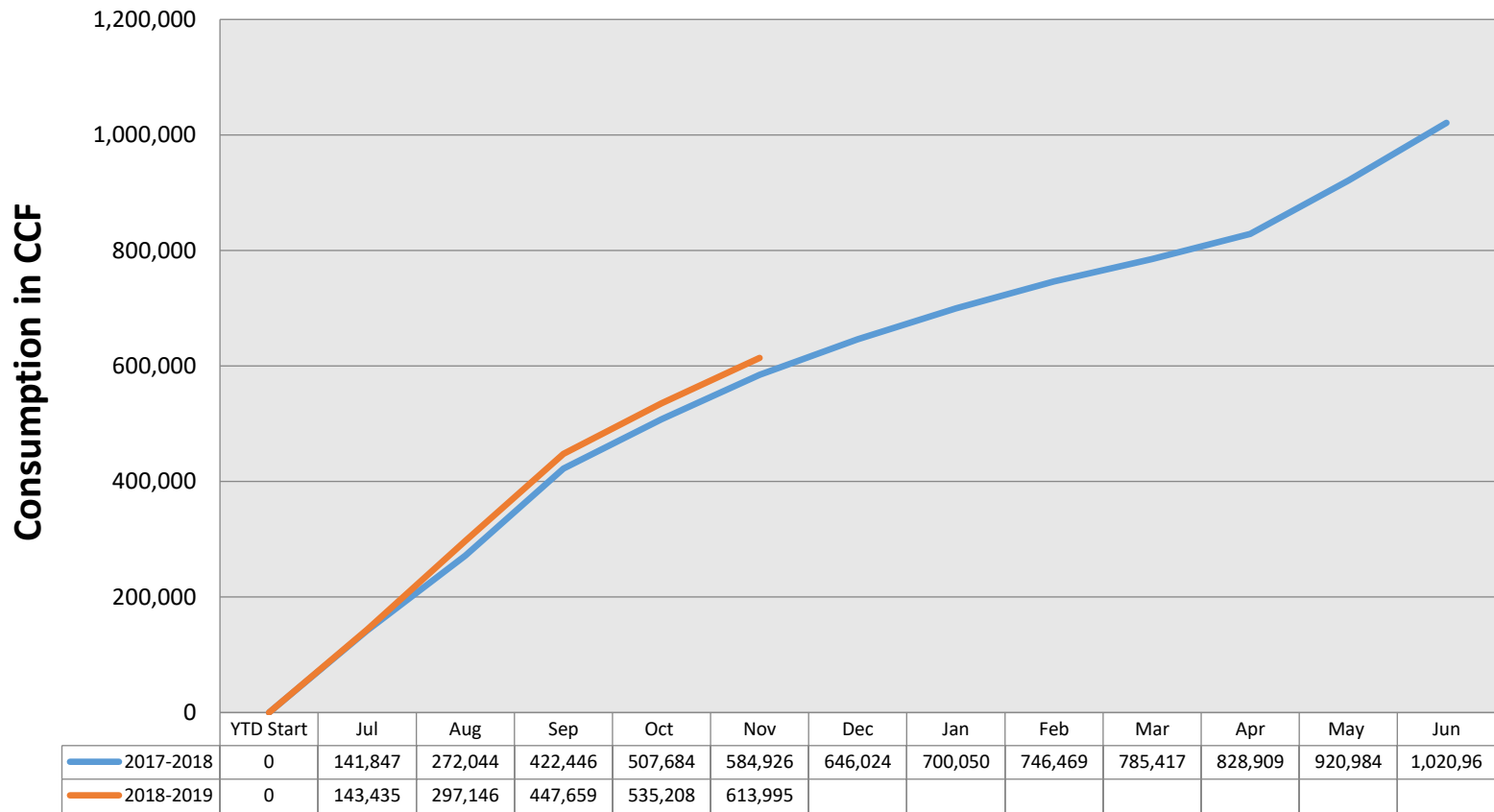


	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2017-2018	5,733	5,622	9,022	7,679	16,586	10,117	9,658	4,741	3,394	2,656	4,664	7,909
2018-2019	4,028	5,777	8,236	7,879	10,384							
17/18 ET	6.34	6.13	4.80	3.57	2.36	3.26	2.38	3.12	3.72	4.82	3.80	6.29
18/19 ET	7.42	6.85	5.21	4.04	3.17							

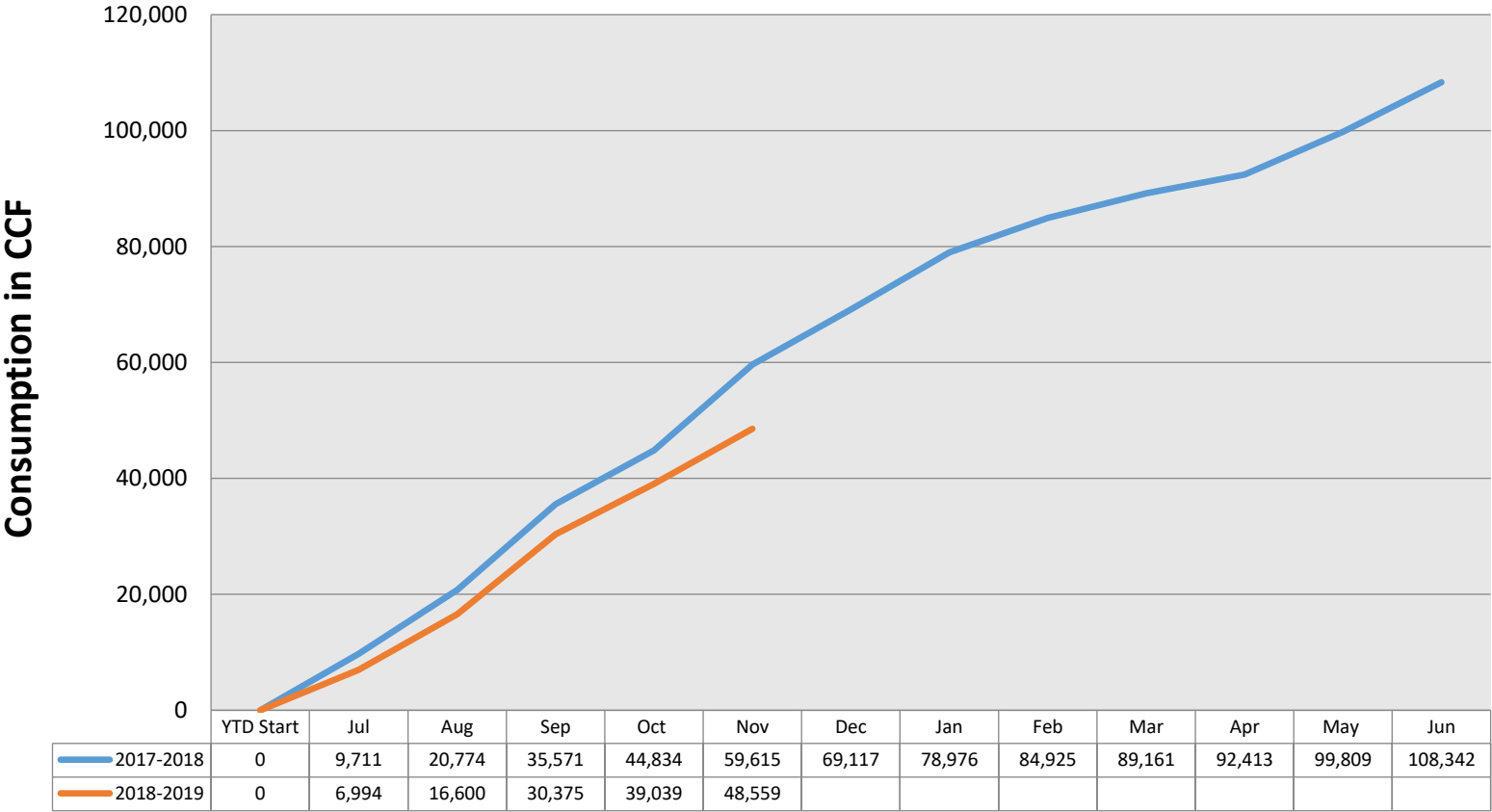
Tier I YTD Consumption



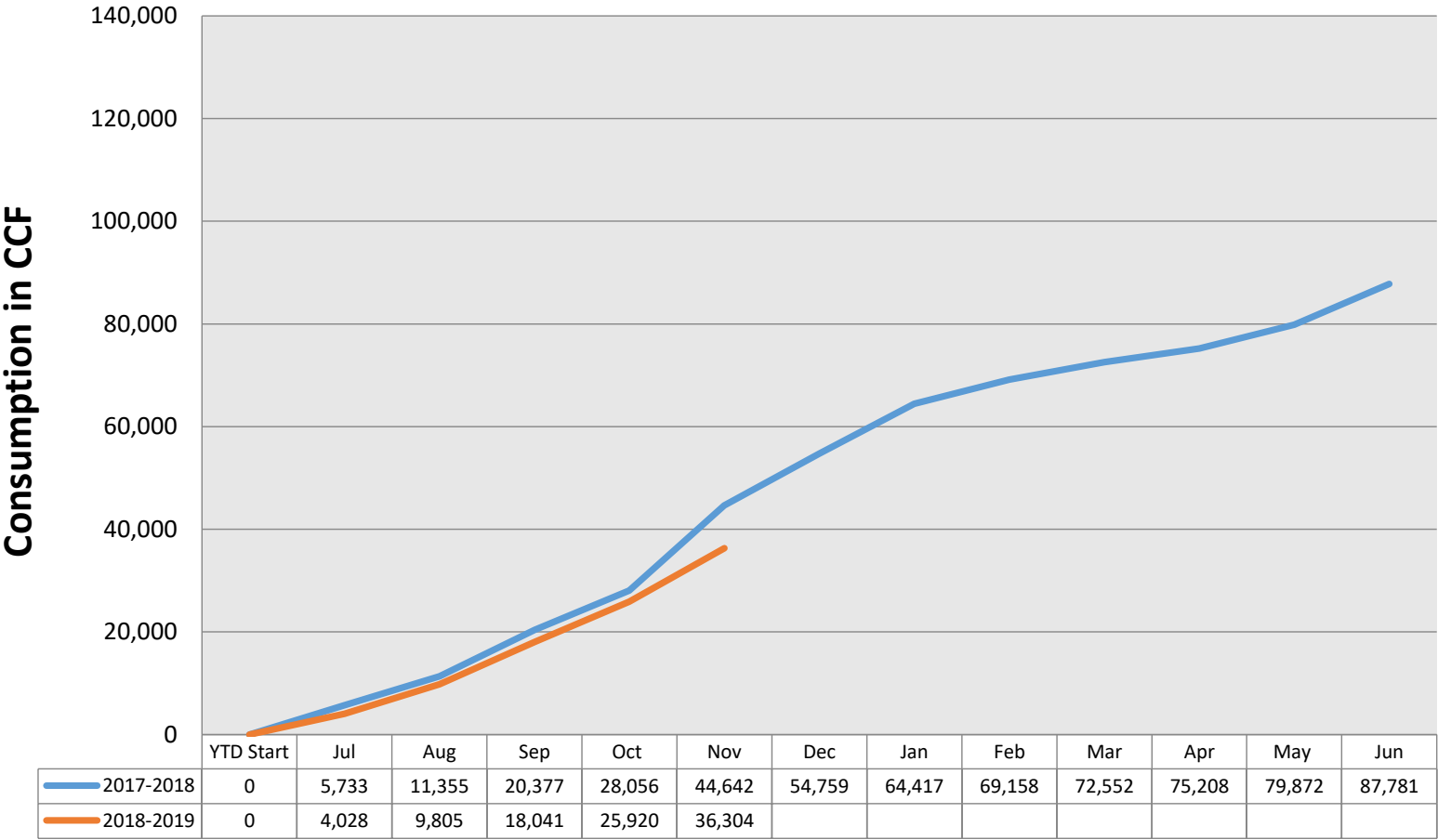
Tier II YTD Consumption



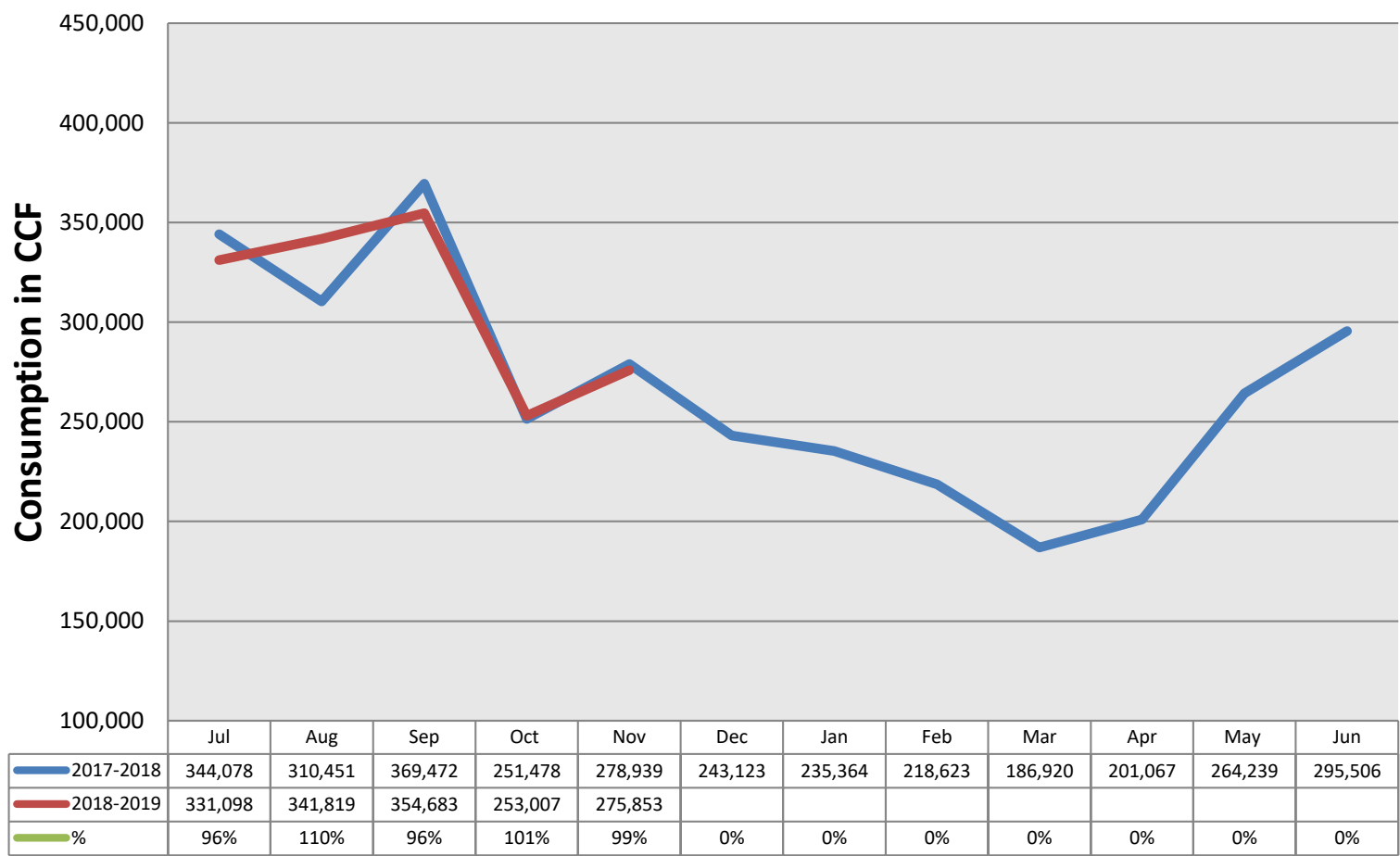
Tier III YTD Consumption



Tier IV YTD Consumption



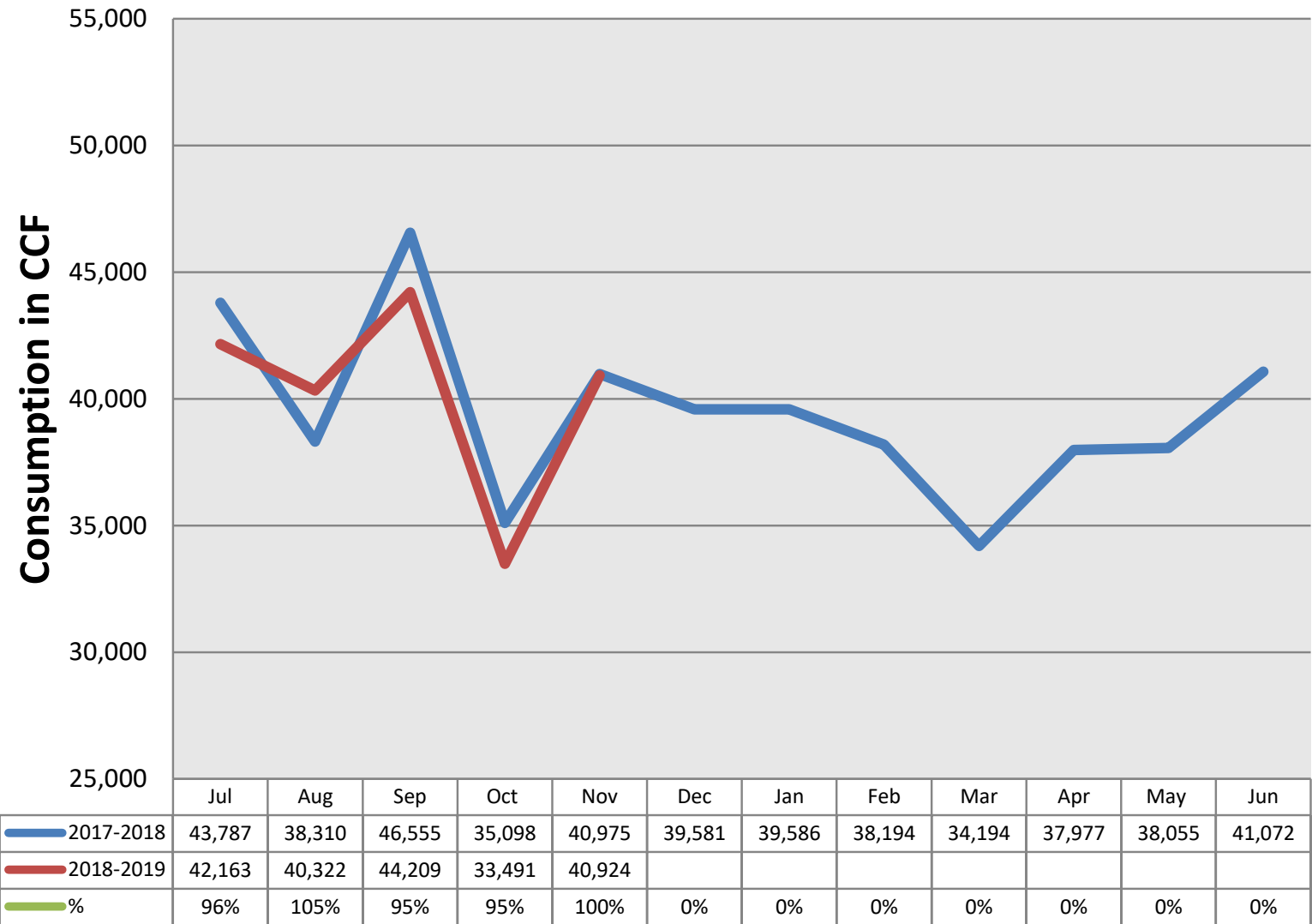
ETWD Total Consumption



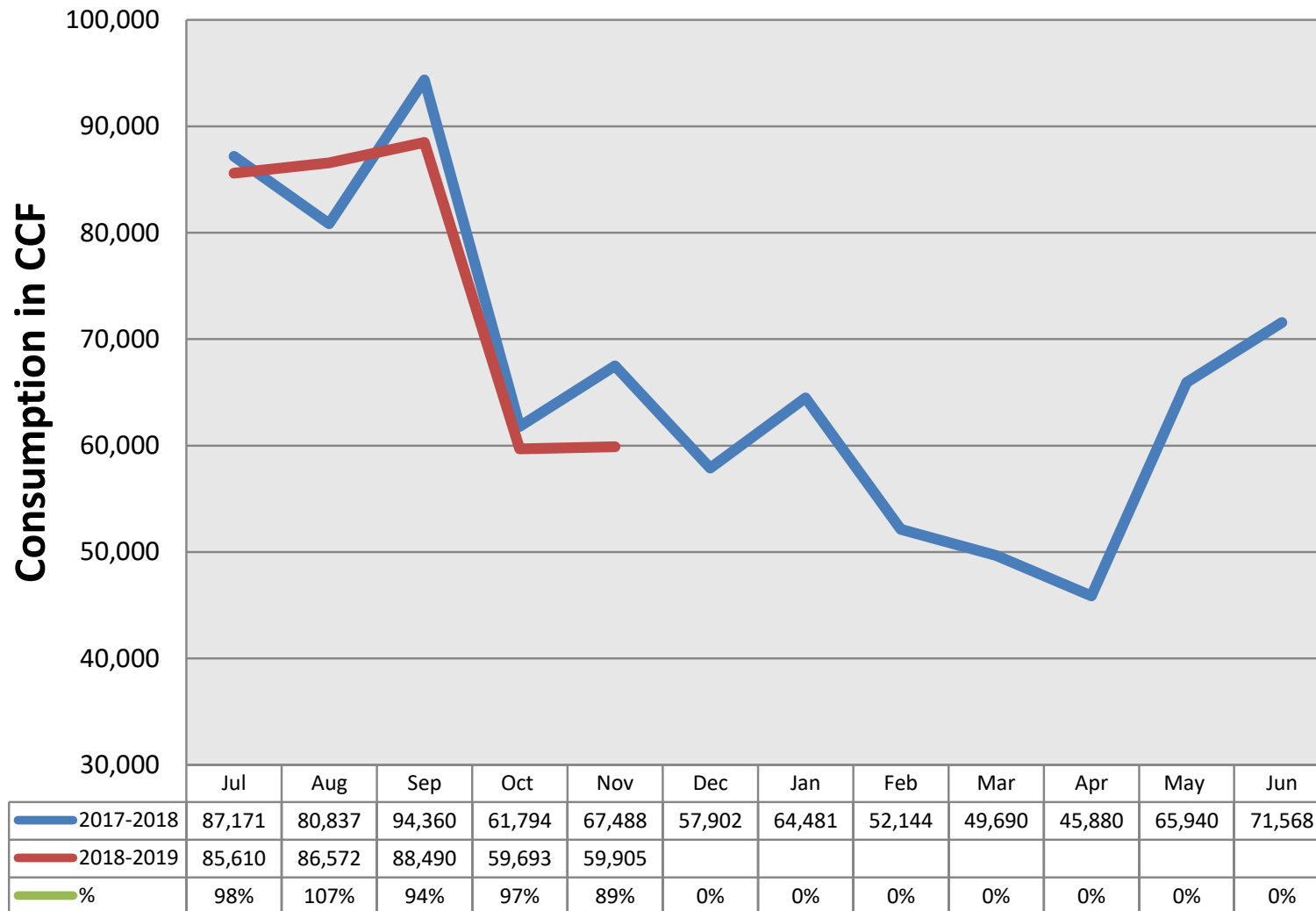
Single Family Residents Consumption



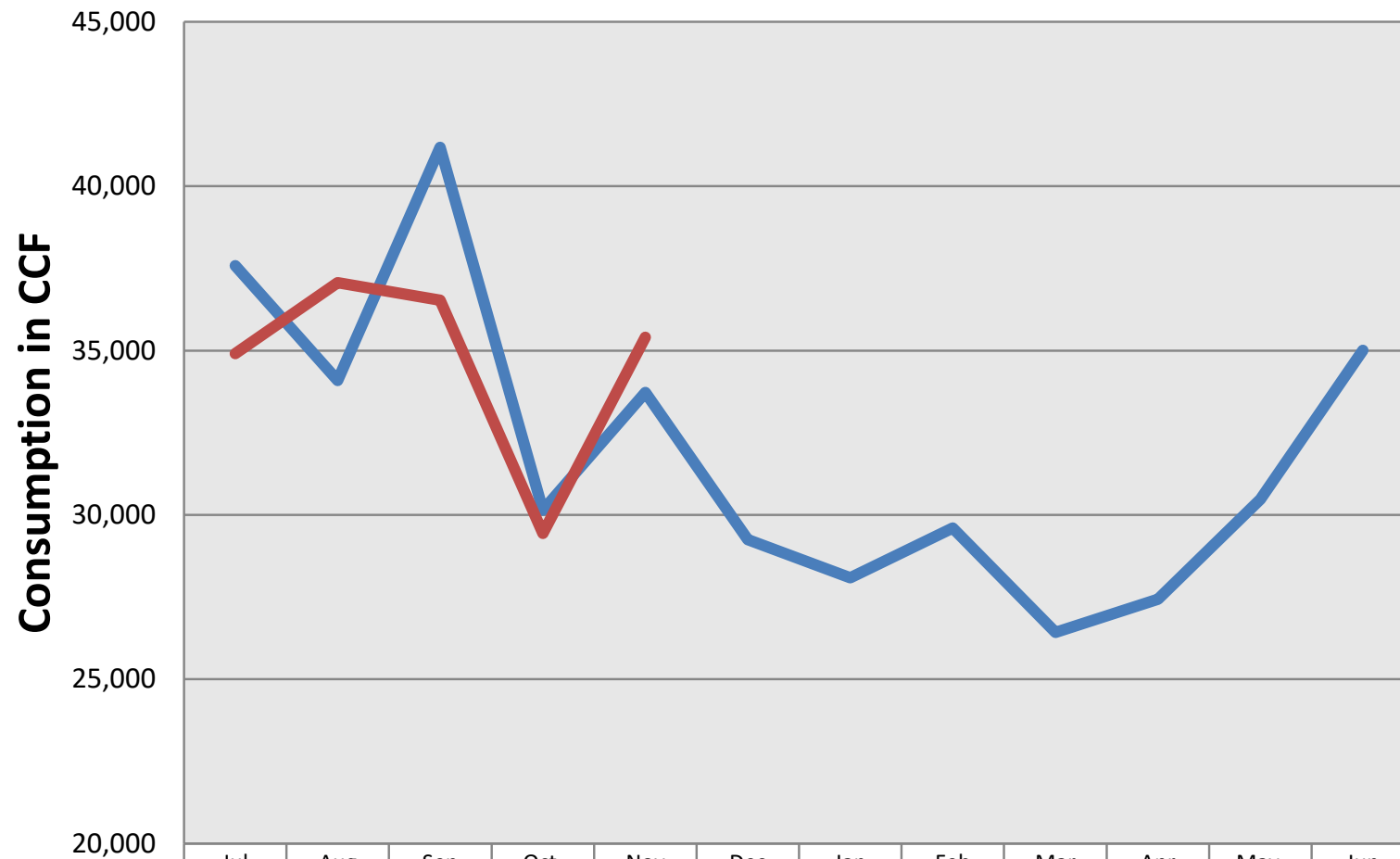
Multi Family Residents Consumption



Laguna Woods Village Consumption (Excluding Dedicated Irrigation)



Commercial Consumption



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2017-2018	37,582	34,086	41,181	30,146	33,724	29,251	28,092	29,598	26,426	27,438	30,476	35,009
2018-2019	34,907	37,064	36,532	29,437	35,401							
%	93%	109%	89%	98%	105%	0%	0%	0%	0%	0%	0%	0%

Dedicated Irrigation Consumption (including LWV)



EL TORO WATER DISTRICT

Glossary of Water Terms

Accumulated overdraft: The amount of water necessary to be replaced in the intake area of the groundwater basin to prevent the landward movement of ocean water into the fresh groundwater body.

Acre-foot, AF: A common water industry unit of measurement. An acre-foot is 325,851 gallons, or the amount of water needed to cover one acre with water one foot deep. An acre-foot serves annual needs of two typical California families.

ACWA: Association of California Water Agencies.
A statewide group based in Sacramento that actively lobbies State and Federal Government on water issues.

Advanced treatment: Additional treatment processes used to clean wastewater even further following primary and secondary treatment. Also known as tertiary treatment.

AFY: Acre-foot per year.

Alluvium: A stratified bed of sand, gravel, silt, and clay deposited by flowing water.

AMP: Allen McCulloch pipeline.

Major pipeline transporting treated water to water districts between Yorba Linda, where it starts to El Toro Water District reservoir, where it terminates.

Annexation: The inclusion of land within a government agency's jurisdiction.

Annual overdraft: The quantity by which the production of water from the groundwater supplies during the water year exceeds the natural replenishment of such groundwater supplies during the same water year.

Aqueduct: A man-made canal or pipeline used to transport water.

Aquifer: An underground geologic formation of rock, soil or sediment that is naturally saturated with water; an aquifer stores groundwater.

Arid: Dry; deserts are arid places. Semi-arid places are almost as dry as a desert.

Artesian: An aquifer in which the water is under sufficient pressure to cause it to rise above the bottom of the overlying confining bed, if the opportunity is provided.

Artificial recharge: The addition of surface water to a groundwater reservoir by human activity, such as putting surface water into recharge basins. (See also: groundwater recharge and recharge basin.)

AWWA American Water Works Association
Nationwide group of public and private water purveyors and related industrial suppliers.

Base flow: The portion of river surface flow which remains after deduction of storm flow and/or purchased imported water.

Bay-Delta: The Sacramento-San Joaquin Bay-Delta is a unique natural resource of local, state and national significance. The Delta is home to more than 500,000 people; contains 500,000 acres of agriculture; provides habitat for 700 native plant and animal species; provides water for more than 25 million Californians and 3 million acres of agriculture; is traversed by energy, communications and transportation facilities vital to the economic health of California; and supports a \$400 billion economy.

BIA: Building Industry Association.

Biofouling: The formation of bacterial film (biofilm) on fragile reverse osmosis membrane surfaces.

Biosolids: Solid organic matter recovered from a sewage treatment process and used especially as fertilizer.

BMP: Best Management Practice. An engineered structure or management activity, or combination of these, that eliminates or reduces adverse environmental effects.

Brackish water: A mixture of freshwater and saltwater.

Brown Act: Ralph M. Brown Act enacted by the State legislature governing all meetings of legislative bodies. Also known as the Open Meeting requirements.

Canal: A ditch used to move water from one location to another.

CASA: California Association of Sanitation Agencies The sanitation equivalent of ACWA concerned solely with issues affecting the treatment and disposal of solid waste and wastewater.

CEQA: California Environmental Quality Act.

CERCLA: Comprehensive Environmental Response, Compensation and Liability Act. This federal law establishes the Superfund program for hazardous waste sites. It provides the legal basis for the United States EPA to regulate and clean up hazardous waste sites, and if appropriate, to seek financial compensation from entities responsible for the site.

CFS: Cubic feet per second.

Chloramines: A mixture of ammonia and chlorine used to purify water.

Clarify: To make clear or pure by separation and elimination of suspended solid material.

Coagulation: The clumping together of solids so they can more easily be settled out or filtered out of water. A chemical called aluminum sulfate (alum) is generally used to aid coagulation in water treatment and reclamation.

Coastkeepers: A non-profit organization dedicated to the protection and preservation of the marine habitats and watersheds of Orange County through programs of education, restoration, enforcement and advocacy.

Colored water: Groundwater extracted from the basin that is unsuitable for domestic use without treatment due to high color and odor exceeding drinking water standards.

Condensation: The process of water vapor (gas) changing into liquid water. An example of condensation can be seen in the tiny water droplets that form on the outside of a glass of iced tea as warmer air touches the cooler glass.

Confined aquifer: An aquifer that is bound above and below by dense layers of rock and contains water under pressure.

Conjunctive use: Storing imported water in a local aquifer, in conjunction with groundwater, for later retrieval and use.

Contaminate: To make unclean or impure by the addition of harmful substances.

CPCFA: California Pollution Control Financing Authority. State agency providing funds for wastewater reclamation projects.

Crisis:

1. **a:** The turning point for better or worse **b:** a paroxysmal attack of pain, distress, or disordered function **c:** an emotionally significant event or radical change of status in a person's life <a midlife crisis>
2. The decisive moment (as in a literary plot)
3. **a:** An unstable or crucial time or state of affairs in which a decisive change is impending; *especially* : one with the distinct possibility of a highly undesirable outcome <a financial crisis> **b:** a situation that has reached a critical phase

CTP Coastal Treatment Plant

CWPCA California Water Pollution Control Association. A 7000 member non-profit educational organization dedicated to water pollution control.

Dam: A barrier built across a river or stream to hold water.

Decompose: To separate into simpler compounds, substances or elements.

Deep percolation: The percolation of surface water through the ground beyond the lower limit of the root zone of plants into a groundwater aquifer.

Degraded water: Water within the groundwater basin that, in one characteristic or another, does not meet primary drinking water standards.

Delta: Where the rivers empty; an outlet from land to ocean, also where the rivers deposit sediment they carry forming landforms.

Delta Vision: Delta Vision is intended to identify a strategy for managing the Sacramento-San Joaquin Delta as a sustainable ecosystem that would continue to support environmental and economic functions that are critical to the people of California.

Demineralize: To reduce the concentrations of minerals from water by ion exchange, distillation, electro-dialysis, or reverse osmosis.

De-nitrification: The physical process of removing nitrate from water through reverse osmosis, microfiltration, or other means.

Desalting (or desalination): Removing salts from salt water by evaporation or distillation. Specific treatment processes, such as reverse osmosis or multi-stage flash distillation, to demineralize seawater or brackish (saline) waters for reuse. Also sometimes used in wastewater treatment to remove salts other pollutants.

Desilting: The physical process of removing suspended particles from water.

Dilute: To lessen the amount of a substance in water by adding more water.

Disinfection: Water treatment which destroys potentially harmful bacteria.

Drainage basin: The area of land from which water drains into a river, for example, the Sacramento River Basin, in which all land area drains into the Sacramento River. Also called catchment area, watershed, or river basin.

Drought: A prolonged period of below-average precipitation.

DPHS: California Department of Public Health Services. Regulates public water systems; oversees water recycling projects; permits water treatment devices; certifies drinking water treatment and distribution operators; supports and promotes water system security; provides support for small water systems and for improving technical, managerial, and financial (TMF) capacity; provides funding opportunities for water system improvements.

DVL: Diamond Valley Lake. Metropolitan's major reservoir near Hemet, in southwestern Riverside County.

DWR: California Department of Water Resources. Guides development/management of California's water resources; owns/operates State Water Project and other water facilities.

Endangered Species: A species of animal or plant threatened with extinction.

Endangered Species Act of 1973 (ESA): The most wide-ranging of the dozens of United States environmental laws passed in the 1970s. As stated in section 2 of the act, it was designed to protect critically imperiled species from extinction as a "consequence of economic growth and development untended by adequate concern and conservation.

Ecosystem: Where living and non-living things interact (coexist) in order to survive.

Effluent: Wastewater or other liquid, partially or completely treated or in its natural state, flowing from a treatment plant.

Evaporation: The process that changes water (liquid) into water vapor (gas).

Estuary: Where fresh water meets salt water.

Evapotranspiration: The quantity of water transpired (given off), retained in plant tissues, and evaporated from plant tissues and surrounding soil surface. Quantitatively, it is expressed in terms of depth of water per unit area during a specified period of time.

FCH Federal Clearing House – Environmental Review/Processing

FEMA Federal Emergency Management Agency

Filtration: The process of allowing water to pass through layers of a porous material such as sand, gravel or charcoal to trap solid particles. Filtration occurs in nature when rain water soaks into the ground and it passes through hundreds of feet of sand and gravel. This same natural process of filtration is duplicated in water and wastewater treatment plants, generally using sand and coal as the filter media.

Flocculation: A chemical process involving addition of a coagulant to assist in the removal of turbidity in water.

Forebay: A reservoir or pond situated at the intake of a pumping plant or power plant to stabilize water level; also, a portion of a groundwater basin where large quantities of surface water can recharge the basin through infiltration.

Gray water reuse: Reuse, generally without treatment, of domestic type wastewater for toilet flushing, garden irrigation and other non-potable uses. Excludes water from toilets, kitchen sinks, dishwashers, or water used for washing diapers.

Green Acres Project (GAP): A 7.5 million gallons per day (MGD) water reclamation project that serves tertiary treated recycled water to irrigation and industrial users in Costa Mesa, Fountain Valley, Huntington Beach, Newport Beach, and Santa Ana.

God Squad: A seven-member committee that is officially called the "Endangered Species Committee". Members consist of Secretary of the Interior, the Secretary of Agriculture, the Secretary of the Army, the Chairman of the Council of Economic Advisers, the Administrator of the National Oceanic and Atmospheric Administration and one individual from the affected state. The squad was established in 1978 by an amendment to the 1973 Endangered Species Act (ESA). It has only been called into action three times to deal with proposed federal agency actions that have been determined to cause "jeopardy" to any listed species. Such actions may receive an exemption from the ESA if five members of the committee determine that the action is of regional or national significance, that the benefits of the action clearly outweigh the benefits of conserving the species and that there are no reasonable and prudent alternatives to the action.

Groundwater: Water that has percolated into natural, underground aquifers; water in the ground, not water puddled on the ground.

Groundwater basin: A groundwater reservoir defined by the overlying land surface and the underlying aquifers that contain water stored in the reservoir. Boundaries of success-ively deeper aquifers may differ and make it difficult to define the limits of the basin.

Groundwater mining: The withdrawal of water from an aquifer in excess of recharge over a period of time. If continued, the underground supply would eventually be exhausted or the water table could drop below economically feasible pumping lifts.

Groundwater overdraft: The condition of a groundwater basin in which the amount of water withdrawn by pumping exceeds the amount of water that recharges the basin over a period of years during which water supply conditions approximate average.

Groundwater recharge: The action of increasing groundwater storage by natural conditions or by human activity. See also: Artificial recharge.

Ground Water Replenishment System (GWRS): A joint project of the Orange County Water District and the Orange County Sanitation District that will provide up to 100,000 acre-feet of reclaimed water annually. The high-quality water will be used to expand an existing underground seawater intrusion barrier and to replenish the groundwater basin underlying north and central Orange County.

Groundwater table: The upper surface of the zone of saturation (all pores of subsoil filled with water), except where the surface is formed by an impermeable body.

GPM: Gallons per minute.

Ground Water Replenishment System (GWRS): Orange County Water District's state-of-the-art, highly advanced, waste-water treatment facility.

Hydrologic balance: An accounting of all water inflow to, water outflow from, and changes in water storage within a hydrologic unit over a specified period.

Hydrologic cycle: The process of water constantly circulating from the ocean, to the atmosphere, to the earth in a form of precipitation, and finally returning to the ocean.

Imported water: Water that has originated from one hydrologic region and is transferred to another hydrologic region.

Inflatable rubber dams: Designed to replace temporary sand levees that wash out during heavy storm flow, the dams hold back high-volume river flows and divert the water into the off-river system for percolation.

Influent: Water or wastewater entering a treatment plant, or a particular stage of the treatment process.

Irrigation: Applying water to crops, lawns or other plants using pumps, pipes, hoses, sprinklers, etc.

JPIA Joint Powers Insurance Authority. A group of water agencies providing self-insurance to members of the ACWA.

LAIF Local Agency Investment Fund. Statewide pool of surplus public agency money managed by State Treasurer.

Leach: To remove components from the soil by the action of water trickling through.

MAF: Million acre feet.

MCL: Maximum contaminant level set by EPA for a regulated substance in drinking water. According to health agencies, the maximum amount of a substance that can be present in water that's safe to drink and which looks, tastes and smells good.

MET: Metropolitan Water District of Southern California.

MGD: Million gallons per day.

Microfiltration: A physical separation process where tiny, hollow filaments members separate particles from water.

Microorganism: An animal or plant of microscopic size.

MWD: Metropolitan Water District of Southern California.

MWDOC: Municipal Water District of Orange County. Intermediate wholesaler between MWD and 27 member agencies including ETWD.

Non-point source pollution: Pollution that is so general or covers such a wide area that no single, localized source of the pollution can be identified.

NPDES National Pollution Discharge Elimination System

OCBC: Orange County Business Council.

OCEMA Orange County Environmental Management Agency

OCWD: Orange County Water District.

Opportunity:

1. A favorable juncture of circumstances.
2. A good chance for advancement or progress .

Organism: Any individual form of life, such as a plant, animal or bacterium.

PCM Professional Community Management, Inc. Property Management company providing services to Laguna Woods Village and other homeowner associations.

Perched groundwater: Groundwater supported by a zone of material of low permeability located above an underlying main body of groundwater with which it is not hydrostatically connected.

Percolation: The downward movement of water through the soil or alluvium to the groundwater table.

Permeability: The capability of soil or other geologic formations to transmit water.

Point source: A specific site from which waste or polluted water is discharged into a water body, the source of which is identified. See also: non-point source.

Potable water: Suitable and safe for drinking.

PPB: Parts per billion.

Precipitation: Water from the atmosphere that falls to the ground as a liquid (rain) or a solid (snow, sleet, hail).

Primary treated water: First major treatment in a wastewater treatment facility, usually sedimentation but not biological oxidation.

Primary treatment: Removing solids and floating matter from wastewater using screening, skimming and sedimentation (settling by gravity).

Prior appropriation doctrine: Allocates water rights to the first party who diverts water from its natural source and applies the water to beneficial use. If at some point the first appropriator fails to use the water beneficially, another person may appropriate the water and gain rights to the water. The central principle is beneficial use, not land ownership.

Pumping Plant: A facility that lifts water up and over hills.

Recharge: The physical process where water naturally percolates or sinks into a groundwater basin.

Recharge basin: A surface facility, often a large pond, used to increase the infiltration of surface water into a groundwater basin.

Reclaimed wastewater: Wastewater that becomes suitable for a specific beneficial use as a result of treatment. See also: wastewater reclamation.

Reclamation project: A project where water is obtained from a sanitary district or system and which undergoes additional treatment for a variety of uses, including landscape irrigation, industrial uses, and groundwater recharge.

Recycling: A type of reuse, usually involving running a supply of water through a closed system again and again. Legislation in 1991 legally equates the term "recycled water" to reclaimed water.

Reservoir: A place where water is stored until it is needed. A reservoir can be an open lake or an enclosed storage tank.

Reverse osmosis: (RO) A method of removing salts or other ions from water by forcing water through a semi-permeable membrane.

RFP Request for Proposal

Riparian: Of or on the banks of a stream, river, or other body of water.

RO: Reverse osmosis. See the listing under "reverse osmosis."

R-O-W Right-of-way

Runoff: Liquid water that travels over the surface of the Earth, moving downward due to gravity. Runoff is one way in which water that falls as precipitation returns to the ocean.

RWQCB Regional Water Quality Control Board. State agency regulating discharge and use of recycled water.

Safe Drinking Water Act (SDWA): The Safe Drinking Water Act (SDWA) was originally passed by Congress in 1974 to protect public health by regulating the nation's public drinking water supply. The law was amended in 1986 and 1996 and requires many actions to protect drinking water and its sources: rivers, lakes, reservoirs, springs, and ground water wells. (SDWA does not regulate private wells which serve fewer than 25 individuals.) SDWA authorizes the United States Environmental Protection Agency (US EPA) to set national health-based standards for drinking water to protect against both naturally-occurring and man-made contaminants that may be found in drinking water. US EPA, states, and water systems work together to make sure that these standards are met.

Safe yield: The maximum quantity of water that can be withdrawn from a groundwater basin over a long period of time without developing a condition of overdraft, sometimes referred to as sustained yield.

SAFRA Santa Ana River Flood Protection Agency

Salinity: Generally, the concentration of mineral salts dissolved in water. Salinity may be measured by weight (total dissolved solids - TDS), electrical conductivity, or osmotic pressure. Where seawater is known to be the major source of salt, salinity is often used to refer to the concentration of chlorides in the water.

SAWPA: Santa Ana Watershed Project Authority.

SCADA Supervisory Control and Data Acquisition

SCAP Southern California Alliance of Publicly. Newly formed group of public agencies seeking reasonable regulation of sewer industry.

SCH State Clearing House – Environmental Review/Processing

Seasonal storage: A three-part program offered by Metropolitan Water District of Southern California:

STSS (Short Term Seasonal Storage) financially encourages agencies with local groundwater production capabilities to produce a higher percentage of their demand in the summer from their local groundwater supplies, thus shifting a portion of their demand on the MWD system from the summer to winter;

LTSS (Long Term Seasonal Storage) financially encourages retail agencies to take and store additional amounts of MWD water above their normal annual demands for later use; Replenishment Water provides less expensive interruptible water that is generally available and used to increase the operating yield of groundwater basins.

Seawater intrusion: The movement of salt water into a body of fresh water. It can occur in either surface water or groundwater basins.

Seawater barrier: A physical facility or method of operation designed to prevent the intrusion of salt water into a body of freshwater.

Secondary treatment: The biological portion of wastewater treatment which uses the activated sludge process to further clean wastewater after primary treatment. Generally, a level of treatment that produces 85 percent removal efficiencies for biological oxygen demand and suspended solids. Usually carried out through the use of trickling filters or by the activated sludge process.

Sedimentation: The settling of solids in a body of water using gravity.

Settle: To clarify water by causing impurities/solid material to sink to a container's bottom.

Sewer: The system of pipes that carries wastewater from homes and businesses to a treatment plant or reclamation plant. Sewers are separate from storm drains, which is a system of drains and pipes that carry rain water from urban streets back to the ocean. Overwatering your yard can also cause water to run into the streets and into storm drains. Storm drain water is not treated before it is discharged.

SigAlert: Any unplanned event that causes the closing of one lane of traffic for 30 minutes or more, as opposed to a planned event, like road construction, which is planned.

SJBA San Juan Basin Authority

Sludge: The solids that remain after wastewater treatment. This material is separated from the cleaned water, treated and composted into fertilizer. Also called biosolids.

SOCWA South Orange County Wastewater Authority. Regional Joint Powers Authority formed for collection and treatment of sewerage (previously known as AWMA/SERRA/SOCRA). SOCWA member agencies:

CSC – City of San Clemente

CSJC – City of San Juan Capistrano

CLB – City of Laguna Beach

ETWD – El Toro Water District

EBSD – Emerald Bay Service District

IRWD – Irvine Ranch Water District

MNWD – Moulton Niguel Water District

SCWD – South Coast Water District

SMWD – Santa Margarita Water District

TCWD – Trabuco Canyon Water District

SRF State Revolving Fund

Storm Drain: The system of pipes that carries rain water from urban streets back to the ocean. Overwatering your yard can also cause water to run into the streets and into storm drains. Storm drain

water is not treated before it is discharged. Storm drains are separate from sewers, which is a separate system of pipes to carry wastewater from homes and businesses to a treatment plant or reclamation plant for cleaning.

Storm flow: Surface flow originating from precipitation and run-off which has not percolated to an underground basin.

SWP: State Water Project. An aqueduct system that delivers water from northern California to central and southern California.

SWRCB State Water Resources Control Board

TDS: Total dissolved solids. A quantitative measure of the residual minerals dissolved in water that remain after evaporation of a solution. Usually expressed in milligrams per liter.

Tertiary treatment: The treatment of wastewater beyond the secondary or biological stage. Normally implies the removal of nutrients, such as phosphorous and nitrogen, and a high percentage of suspended solids.

THM: Trihalomethanes. Any of several synthetic organic compounds formed when chlorine or bromine combine with organic materials in water.

TMA: Too many acronyms.

TMDL: Total maximum daily load; A quantitative assessment of water quality problems, contributing sources, and load reductions or control actions needed to restore and protect bodies of water.

Transpiration: The process in which plant tissues give off water vapor to the atmosphere as an essential physiological process.

Turbidity: Thick or opaque with matter in suspension; muddy water.

Ultraviolet light disinfection: A disinfection method for water that has received either secondary or tertiary treatment used as an alternative to chlorination.

VE Value Engineering

VOC: Volatile organic compound; a chemical compound that evaporates readily at room temperature and contains carbon.

Wastewater: Water that has been previously used by a municipality, industry or agriculture and has suffered a loss of quality as a result.

Water Cycle: The continuous process of surface water (puddles, lakes, oceans) evaporating from the sun's heat to become water vapor (gas) in the atmosphere. Water condenses into clouds and then falls back to earth as rain or snow (precipitation). Some precipitation soaks into the ground (percolation) to replenish groundwater supplies in underground aquifers.

Water rights: A legally protected right to take possession of water occurring in a natural waterway and to divert that water for beneficial use.

Water-use Efficiency: The water requirements of a particular device, fixture, appliance, process, piece of equipment, or activity.

Water year (USGS): The period between October 1st of one calendar year to September 30th of the following calendar year.

Watermaster: A court appointed person(s) that has specific responsibilities to carry out court decisions pertaining to a river system or watershed.

Water Reclamation: The treatment of wastewater to make it suitable for a beneficial reuse, such as landscape irrigation. Also called water recycling.

Watershed: The total land area that from which water drains or flows to a river, stream, lake or other body of water.

Water table: The top level of water stored underground.

WEF Water Environment Federation. Formerly – Water Pollution Control Federation (WPCF). International trade group advising members of sewage treatment techniques and their effect on the environment.

Weir box: A device to measure/control surface water flows in streams or between ponds.

Wellhead treatment: Water quality treatment of water being produced at the well site.

Wetland: Any area in which the water table stands near, at, or above the land surface for a portion of the year. Wetlands are characterized by plants adapted to wet soil conditions.

Xeriscape: Landscaping that requires minimal water.