

I 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.



DENNIS P. CAFFERTY, 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**

#### **FINANCE AND INSURANCE COMMITTEE MEETING AND ENGINEERING COMMITTEE MEETING**

**December 13, 2021**

**7:30 a.m.**

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Members of the public who wish to comment on any item within the jurisdiction of the District or on any item on the agenda, attend the meeting in person at the District's office or may observe and address the Meeting by joining at this link:  
<https://us02web.zoom.us/j/81999752133> (Meeting ID: 819 9975 2133).

Members of the public who wish only to listen to the telephonic meeting may dial in at the following numbers (669) 900-6833 or (346) 248-7799 with the same Meeting ID noted above. Please be advised the Meeting is being recorded.

**CALL TO ORDER – President Gaskins**

**PLEDGE OF ALLEGIANCE – Director Vergara**

## **ORAL COMMUNICATIONS/PUBLIC COMMENTS**

Members of the public may address the Board at this time or they may reserve this opportunity with regard to an item on the agenda until said item is discussed by the Board. Comments on other items will be heard at the times set aside for “COMMENTS REGARDING NON-AGENDA ENGINEERING COMMITTEE ITEMS” or for “COMMENTS REGARDING NON-AGENDA FIC ITEMS.” The public may 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 item(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.)

## **FINANCE AND INSURANCE COMMITTEE MEETING**

### **CALL MEETING TO ORDER – Director Havens**

#### **1. Consent Calendar (Reference Material Included)**

(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)

- a. Consider approving the minutes of the November 22, 2021 Finance and Insurance Committee meeting (Minutes Included)
- b. Consider approving the District’s membership in the California Association of Sanitation Agencies (CASA) in the amount of \$13,600 for calendar year 2022. The membership dues for 2021 were \$13,600.
- c. Consider approving the General Manager Contract Amendment

**Recommended Action:** The Board will be requested to approve the above Consent Calendar.

## **APPROVAL OF ITEMS REMOVED FROM TODAY’S FINANCE AND INSURANCE COMMITTEE CONSENT CALENDAR**

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

**Recommended Action:** The Board will be requested to approve the items removed from today’s Finance and Insurance Committee Consent Calendar.

## FINANCIAL INFORMATION ITEMS

2. **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.

3. **Update on the Implementation of the Springbrook Software System** (Reference Material Included)

Staff will provide an update on the status of the implementation of the Springbrook Software System.

4. **Phase I LRP Agreement Reconciliation**

Staff will provide an update on the annual reconciliation of the costs and rebates associated with the Phase I Recycled Water Project LRP Agreement with the Metropolitan Water District.

5. **Update on Financing Plan for Near-term Future Capital Projects** (Reference Material Included)

Staff and NHA Advisors will provide an update on the status of the financing plan for upcoming large capital projects.

## FINANCIAL ACTION ITEMS

6. **ETWD Comprehensive Annual Financial Report/Audit – Fiscal Year Ended June 30, 2021** (Reference Material Included)

Staff and the District's Independent Auditor, White Nelson Diehl Evans, LLP, will review and comment on the District's Comprehensive Annual Financial report (CAFR) – Audit for the fiscal year ended June 30, 2021.

**Recommended Action:** Staff recommends that the Board of Directors receive and file the District's Comprehensive Annual Financial Report (CAFR) – Audit for the fiscal year ended June 30, 2021.

7. **Financial Package - Authorization to Approve Bills for Consideration dated December 13, 2021 and Receive and File Financial Statements as of November 30, 2021** (Reference Material Included)

The Board will consider approving the Bills for Consideration dated December 13, 2021 and Receive and File Financial Statements as of November 30, 2021.

**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 13, 2021, and 2) receive and file the Financial Statements for the period ending November 30, 2021.

**8. Water Use Efficiency Analyst (Reference Material Included)**

Staff will review and comment on the proposed addition of a Water Use Efficiency Analyst position within the District organization.

**Recommended Action:** Staff recommends that the Board approve the addition of the Water Use Efficiency Analyst position.

**COMMENTS REGARDING NON-AGENDA FIC ITEMS**

**CLOSE FINANCE AND INSURANCE COMMITTEE MEETING**

**ENGINEERING COMMITTEE**

**CALL MEETING TO ORDER – Director Vergara**

**9. 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)

- a. Consider approving the minutes of the November 22, 2021 Engineering Committee meeting. (Minutes Included)

**Recommended Action:** The Board will be requested to approve the subject 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 Engineering Committee Consent Calendar.



## ENGINEERING ACTION ITEMS

### 10. **WRP Headworks Wash Press System Project** (Reference Material Included)

Staff will review and comment on the proposals submitted for the purchase of the equipment necessary for the WRP Headworks Wash Press System Project.

#### **Recommended Action:**

Staff recommends that the Board of Directors authorize the General Manager to enter into a purchase order contract with JWC Environmental in the amount of \$63,062.84 for the purchase of the equipment necessary for the WRP Headworks Wash Press System Project. Staff further recommends that the Board authorize the General Manager to fund the project costs from the District's Capital Reserves in accordance with the District's adopted Capital Reserve Policy.

## GENERAL INFORMATION ITEMS

### 11. **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.

### 12. **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

## ATTORNEY REPORT

## CLOSED SESSION

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

1. Pursuant to Government Code Section 54956.9 (d) (1) to consult with legal counsel and staff on a matter of pending litigation. *Kessner et al. v. City of Santa Clara, et al. (Santa Clara County Superior Court - Case No. 20 CV 364054).*

2. Pursuant to Government Code Section 54956.9 (d) (2) to consult with legal counsel and staff – Anticipated Litigation (one matter).

## **REGULAR SESSION**

### **REPORT ON CLOSED SESSION (Legal Counsel)**

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

### **ADJOURNMENT**

*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.*

MINUTES OF THE REGULAR MEETING  
OF THE  
FINANCE & INSURANCE COMMITTEE

November 22, 2021

At approximately 7:30 a.m. President Gaskins called the regular meeting to order.

Vice President Freshley led in the Pledge of Allegiance to the flag.

Committee Members MIKE GASKINS , KATHRYN FRESHLEY, JOSE VERGARA, MARK MONIN, and KAY HAVENS participated.

Also participating were DENNIS P. CAFFERTY, General Manager, JUDY CIMORELL, Human Resources Manager, JASON HAYDEN, CFO, GILBERT J. GRANITO, General Counsel, SCOTT HOPKINS, Operations Superintendent, HANNAH FORD, Engineering Manager, KEITH STRIBLING, HIGHMARK Representative, and POLLY WELSCH, Recording Secretary.

Oral Communications/Public Comments

There were no comments.

Items Received Too Late to be Agendized

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

Finance & Insurance Committee Meeting

At approximately 7:32 a.m. Director Havens called the Finance meeting to order.

Consent Calendar

Director Havens asked for a Motion.

Motion: Vice President Freshley made a motion, seconded by Director Monin

and unanimously carried across the Board to approve the Consent Calendar.

Roll Call Vote:

Director Havens	aye
Vice President Freshley	aye
Director Vergara	aye
President Gaskins	aye
Director Monin	aye

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

Mr. Stribling stated that the returns have been good for both Absolute and Relative, so year-to-date portfolios are up briefly. He further stated that the quarter was quiet.

Mr. Stribling stated that Alternatives were strong year-to-date. He further stated that Fixed Income also did well.

Mr. Stribling stated that on the Investment Returns – Equity Funds did well. He further stated that Small Cap Growth is not doing well.

Mr. Stribling stated that they added the Pimco Institutional fund which has been doing well. He further stated that October was a good month of meeting the benchmarks.

Mr. Stribling stated that vaccines and anti-viral pills are available. He further stated that the Infrastructure bill passed, which should add to the economic growth.

Mr. Stribling stated that inflation is on everyone's mind, and while it is higher than the Feds would like, they believe that it will work itself out.

Mr. Stribling stated that wages, rent, and housing are facing challenging times with people having difficulty getting people back to work. He further stated that there may be a new Fed Chairman, and also China's economy is slowing.

Mr. Stribling stated that stocks and real estate are the Feds choices.

At approximately 7:50 a.m. Mr. Stribling left the meeting.

### Financial Information Items

#### Tiered Water Usage and Revenue Tracking

Mr. Cafferty stated that water use is trending down due to the request to reduce water use.

Director Vergara asked for an update on receiving money from the state for uncollected revenues. Mr. Cafferty replied that the Arrearages Program has been approved, and staff has submitted an application for approximately \$53,000.

Director Havens had a question on evaporation tracking and asked why it's on Tier 2 instead of dedicated irrigation. Mr. Cafferty replied that Tier 2 also includes irrigation.

Mr. Cafferty stated that staff could put together a chart on total water use showing potable and recycled water.

#### Update on Financing Plan for Near-term Future Capital Projects

Mr. Hayden stated that once an amount to be financed has been determined, staff will work with NHA Advisors, the Bond Underwriter, and the Disclosure Counsel to draft an Official Statement for the issuance of COP's.

#### Update of the Implementation of the Springbrook Software System

Mr. Hayden stated that staff is working on the implementation tasks, business process questionnaires, and discussing the build out of the water budget based billing system.

### Financial Action Items

#### Financial Package – Authorization to Approve Bills for Consideration dated November 22, 2021 and Receive and File Financial Statements as of October 31, 2021

Director Havens asked for a Motion.

Motion: Director Monin made a Motion, seconded by Director Vergara and unanimously carried across the Board to approve, ratify, and confirm payment of those bills as set forth in the schedule of bills for consideration dated November 22, 2021, and receive and file the financial statements for the period ending October 31, 2021.

Roll Call Vote:

Director Havens	aye
Vice President Freshley	aye
Director Vergara	aye
President Gaskins	aye
Director Monin	aye

Comments Regarding Non-Agenda FIC Items

There were no comments.

Close Finance and Insurance Committee Meeting

There being no further business the Finance Committee meeting was closed at approximately 8:05 a.m.

Respectfully submitted,

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POLLY WELSCH  
Recording Secretary

APPROVED:

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MIKE GASKINS, President  
of the El Toro Water District and the  
Board of Directors thereof

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DENNIS P. CAFFERTY, Secretary  
of the El Toro Water District and the  
Board of Directors thereof

California Association of Sanitation Agencies  
925 L Street, Suite 200  
Sacramento, CA. 95814  
Tax ID: 68-0018896

## INVOICE 5742



El Toro Water District  
24251 Los Alisos Blvd.  
Lake Forest, CA 92630

Invoice # 5742  
Invoice Date 12/01/2021  
Invoice Due 12/31/2021

<b>Amount Due</b>	<b>\$ 13,600.00</b>
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### Transactions

Description	Amount
Membership Renewal - Agency - El Toro Water District - Between \$5,000,001 - \$10,000,000 (through December 31, 2022)	\$ 13,600.00
Kathryn Freshley	
Kathryn Freshley	
Mike Gaskins	
Kay Havens	
Mark Monin	
Ralph Palomares	
Jose Vergara	

<b>Total Amount</b>	<b>\$ 13,600.00</b>
<b>Amount Paid</b>	<b>-\$ 0.00</b>
<b>Amount Due</b>	<b>\$ 13,600.00</b>

Remit ACH payments to:  
Bank of America  
Account Name: California Association of Sanitation Agencies  
ABA/Routing Number: 121000358  
Account #: 325124986086  
Email: [accounting@casaweb.org](mailto:accounting@casaweb.org)

**AMENDMENT NO. 3 TO  
EMPLOYMENT AGREEMENT  
BETWEEN  
EL TORO WATER DISTRICT  
AND  
DENNIS P. CAFFERTY**

THIS AMENDMENT to the existing Employment Agreement entered into effective July 1, 2019 ("Agreement") as amended effective January 1, 2020 ("Amendment No. 1") and as amended effective December 11, 2020 ("Amendment No. 2") between the El Toro Water District ("District") and Dennis P. Cafferty ("Employee") is entered into by District and Employee effective December 10, 2021.

Except as stated below, the Agreement remains in full force and effect.

Section 4 of the Agreement is amended to read as follows:

4.0 **Term.** The term of this Agreement shall be eight (8) years from the effective date of the Agreement (e.g. 7/1/19 through 6/30/2027) unless otherwise terminated as provided in Section 8.0 of the Agreement.

Section 6.1 of the Agreement is amended to read as follows:

6.1 **Annual Base Salary.** Employee shall be paid an annual salary of \$311,241. Said compensation shall be paid in equal bi-weekly payments.

Section 8.4.4 of the Agreement is amended to read as follows:

8.4.4 The severance pay provisions provided for in 8.4.2 and 8.4.3 shall be paid in full upon the termination of Employee's employment.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 3 effective December 24, 2021.

**EL TORO WATER DISTRICT**

By \_\_\_\_\_  
Mike Gaskins, President  
Board of Directors

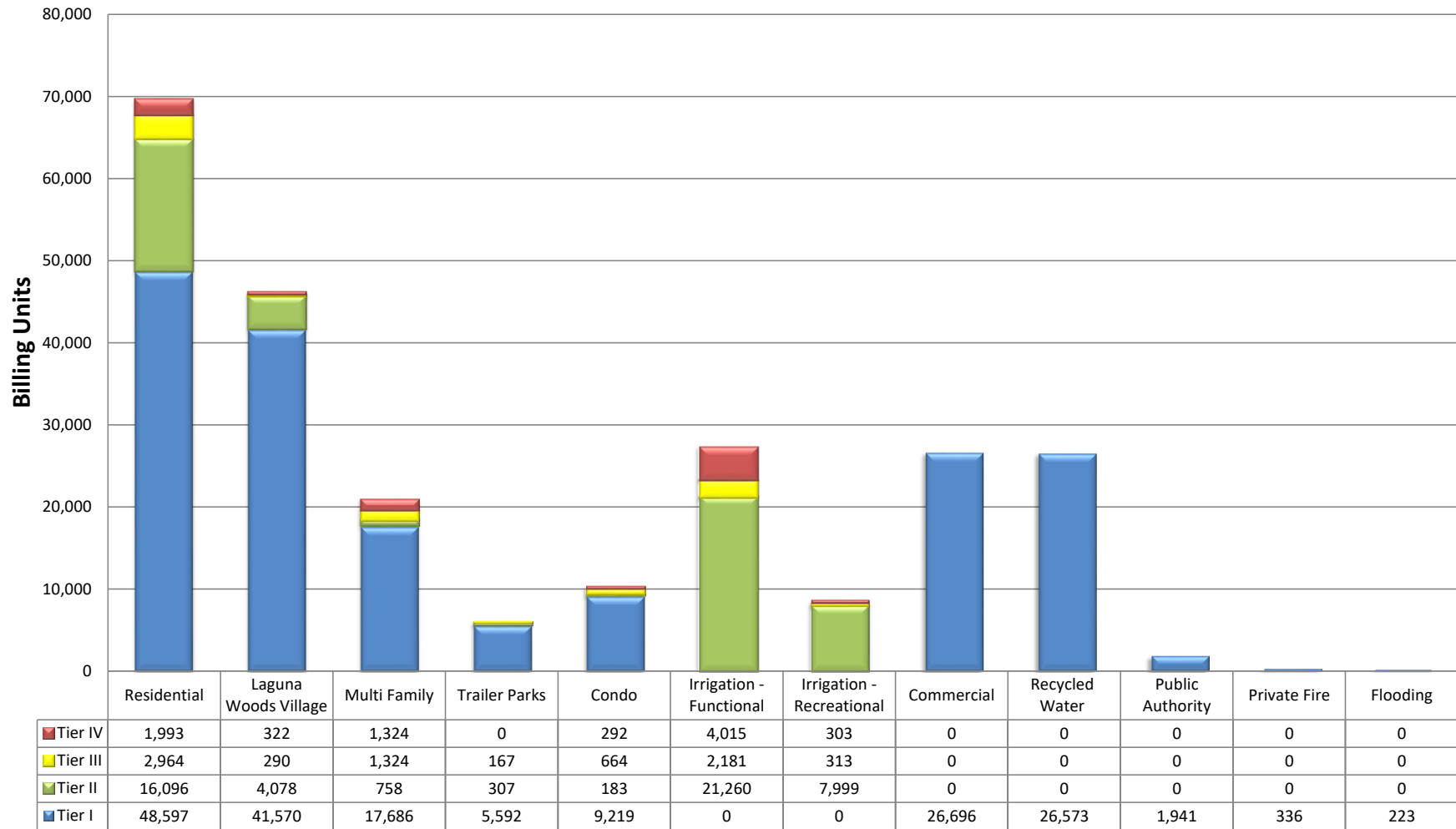
By \_\_\_\_\_  
Judy Cimorell, Assistant Secretary

**DENNIS P. CAFFERTY:**

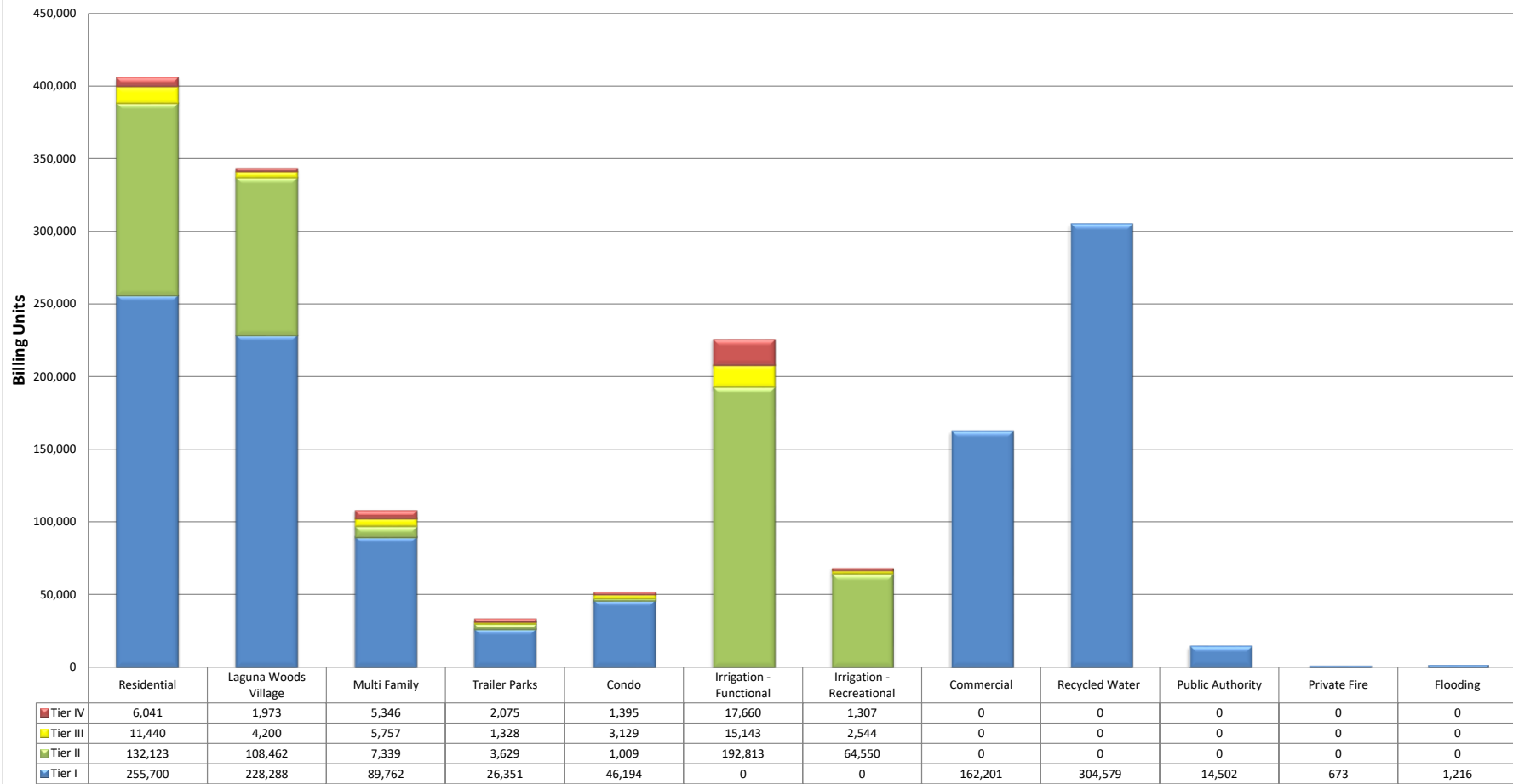
\_\_\_\_\_  
Dennis P. Cafferty



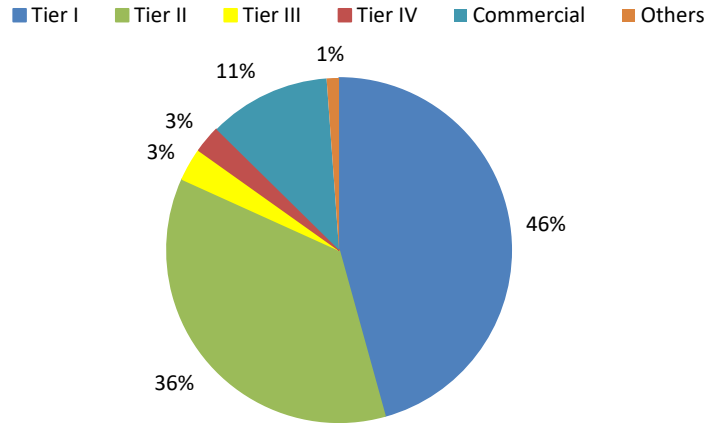
## November 2021 Water Sales



### Year-to-Date Water Sales as of November 2021

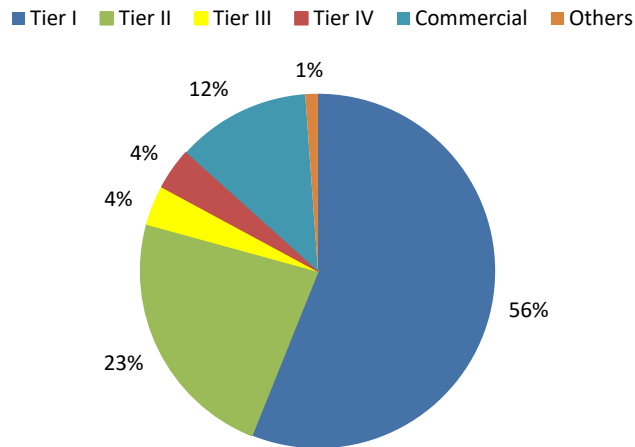


## Year to Date Potable Sales As of November 2021



Year To Date Sales in ccf		
Tier I	646,295	45.70%
Tier II	509,925	36.06%
Tier III	43,541	3.08%
Tier IV	35,797	2.53%
Commercial	162,201	11.47%
Others	16,391	1.16%
Total	1,414,150	100.00%

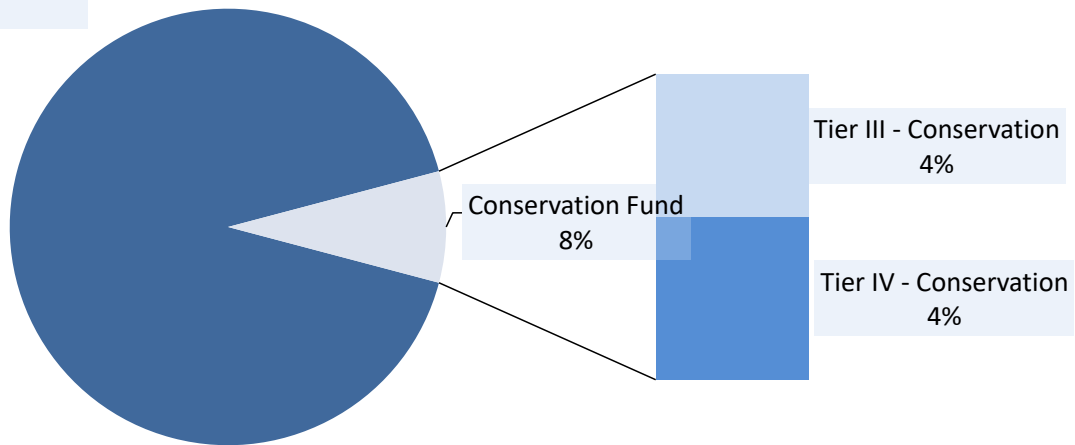
## November 2021 Potable Sales



Current Month Sales in ccf		
Tier I	122,664	56.09%
Tier II	50,681	23.17%
Tier III	7,903	3.61%
Tier IV	8,249	3.77%
Commercial	26,696	12.21%
Others	2,500	1.14%
Total	218,693	100.00%

## Year to Date Water Sales as of November 2021

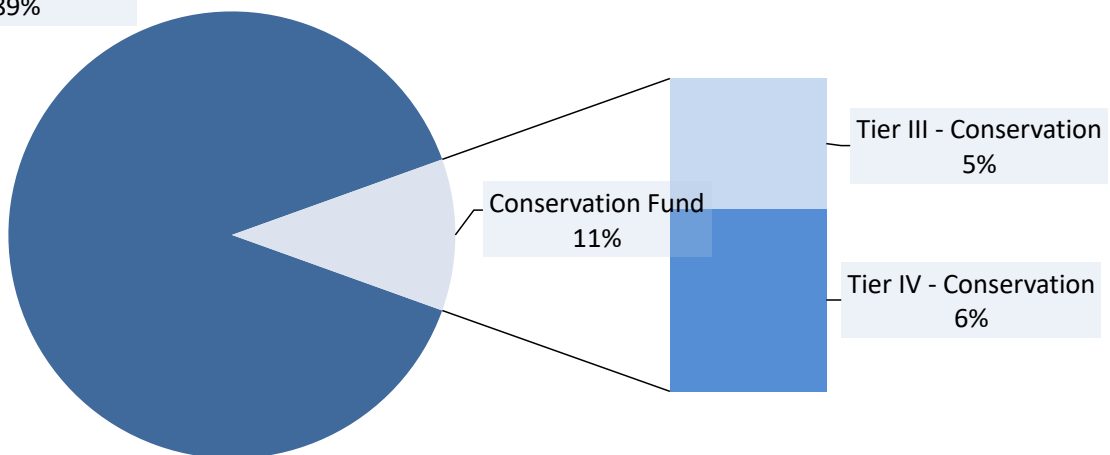
Water Delivery Cost  
92%



Category	Billings	Percentage
Water Delivery Cost	\$3,588,215.85	91.77%
Tier III - Conservation	\$150,262.64	3.84%
Tier IV - Conservation	\$171,511.10	4.39%
	<b>\$3,909,989.59</b>	<b>100.00%</b>

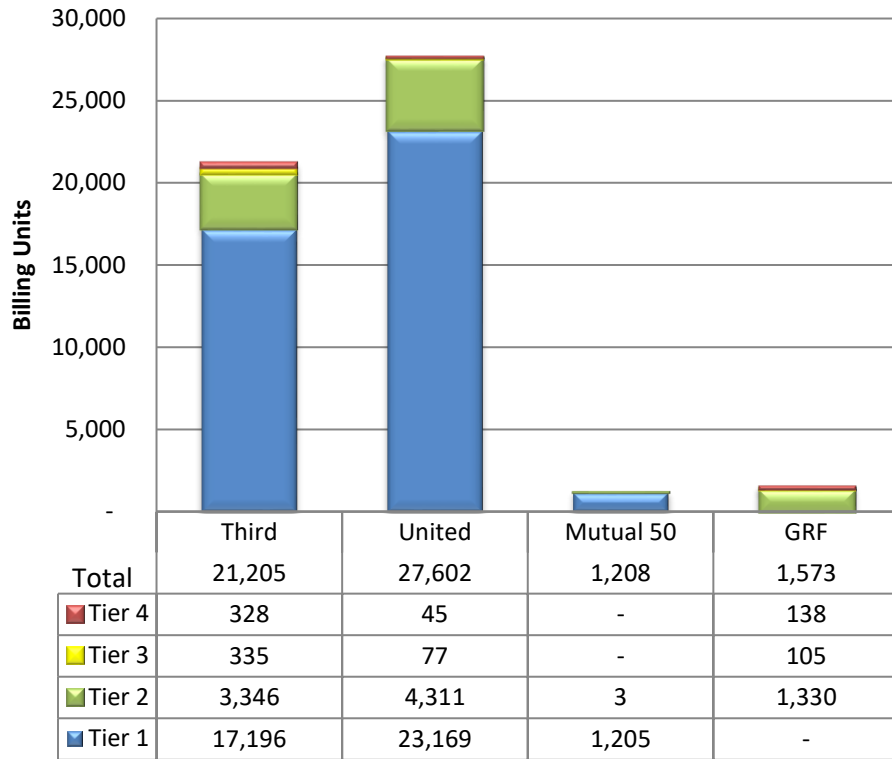
## November 2021 Water Sales

Water Delivery Cost  
89%

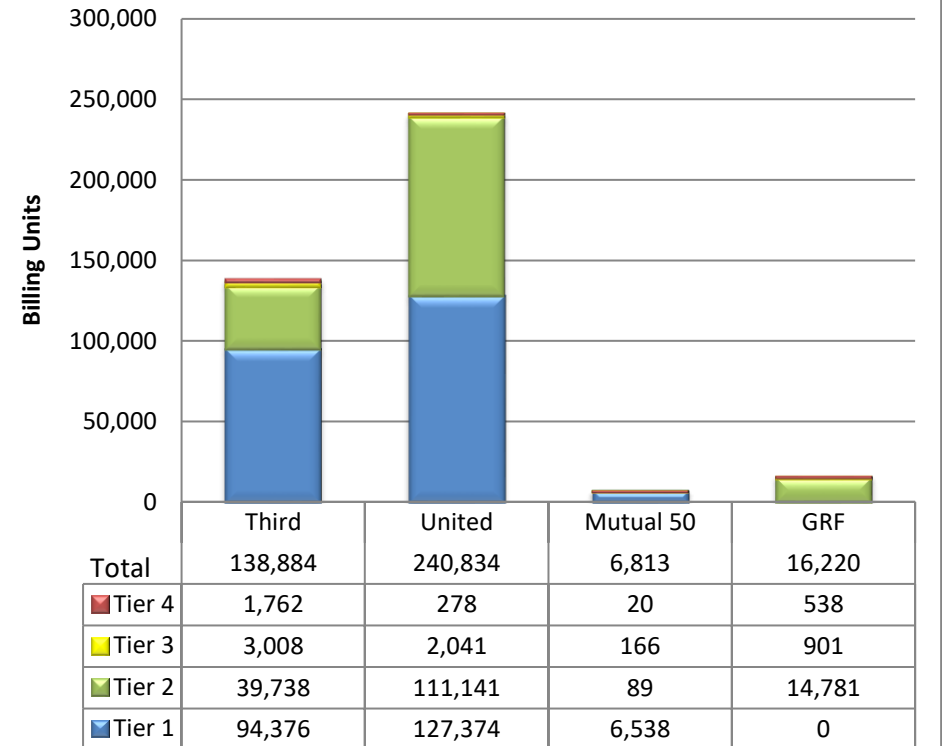


Category	Billings	Percentage
Water Delivery Cost	\$545,328.76	89.02%
Tier III - Conservation	\$27,976.62	4.57%
Tier IV - Conservation	\$39,278.55	6.41%
	<b>\$612,583.93</b>	<b>100.00%</b>

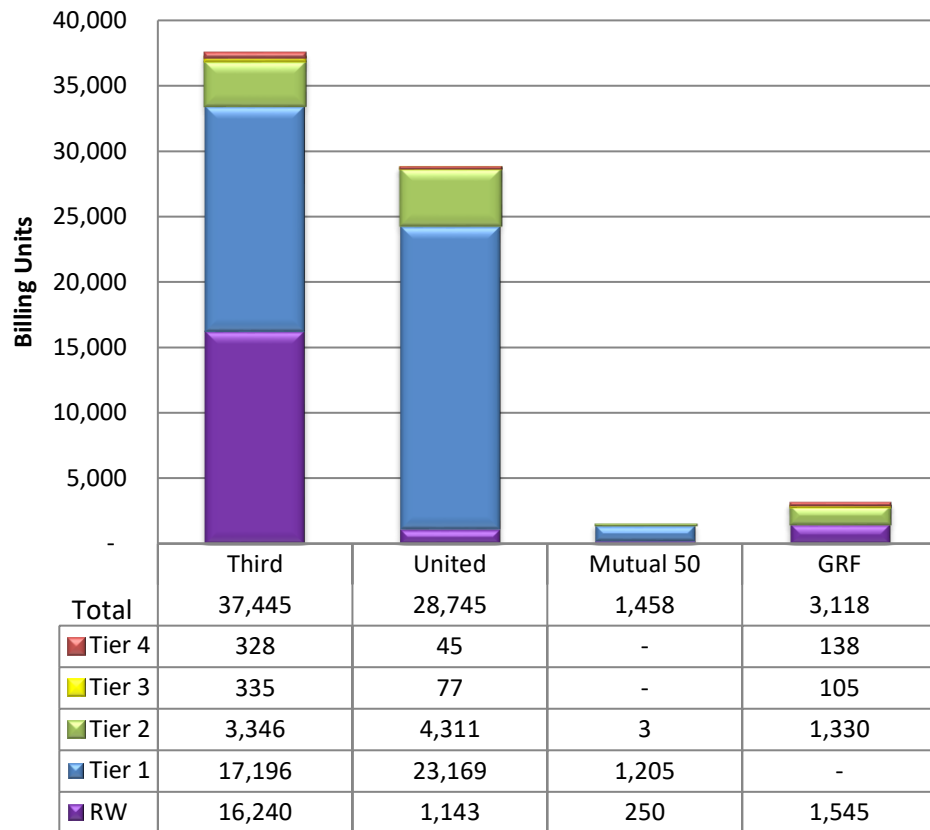
## Laguna Woods Village November 2021 Water Sales



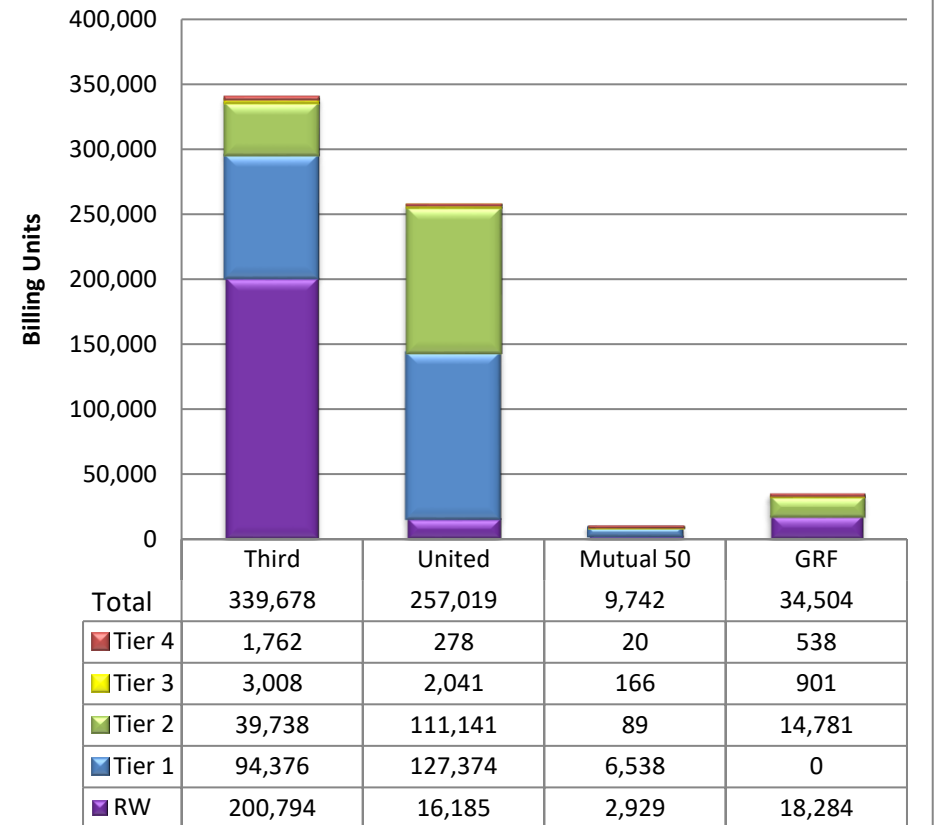
## Laguna Woods Village Year-to-Date Water Sales November 2021



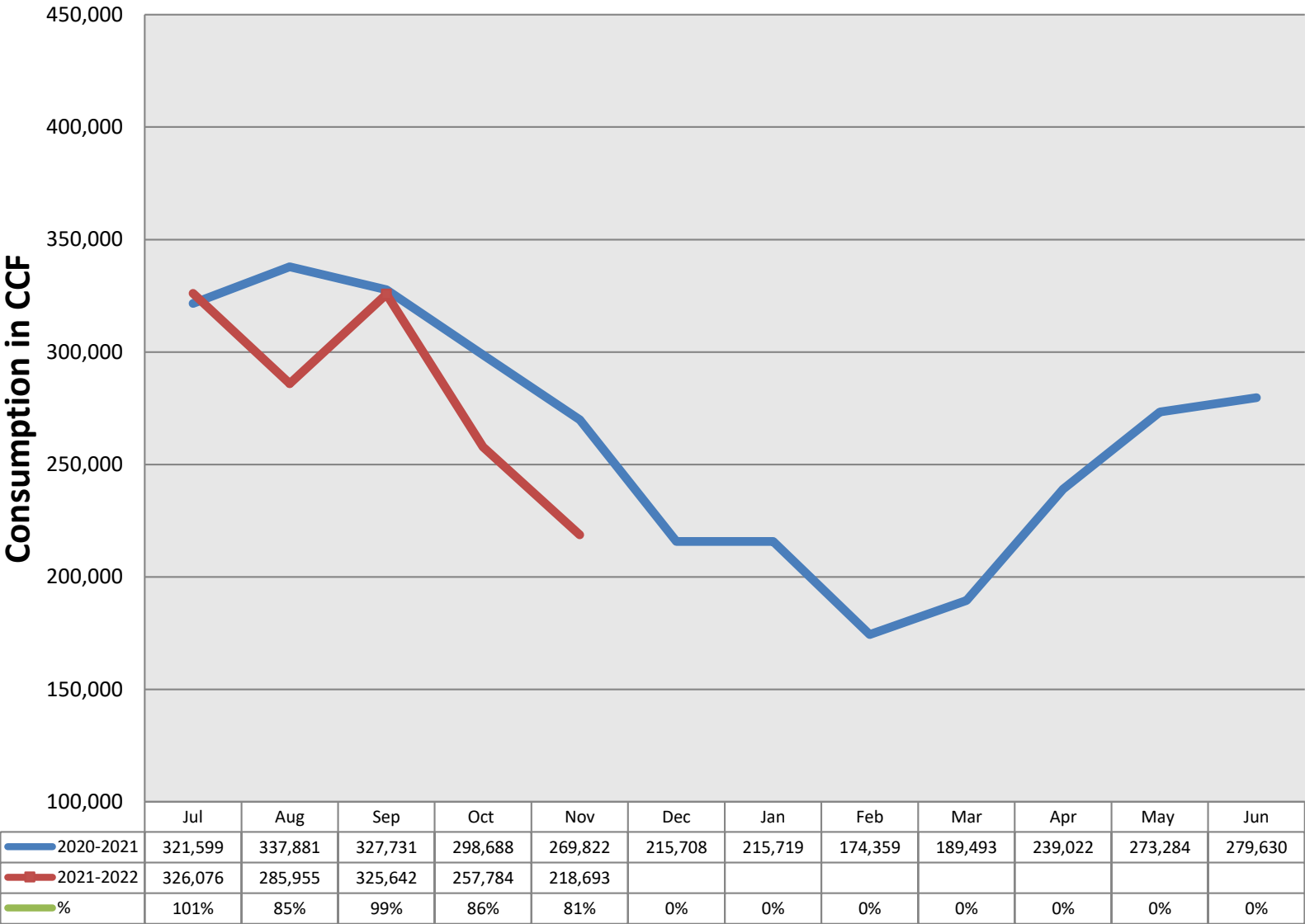
## Laguna Woods Village November 2021 Water & RW Sales



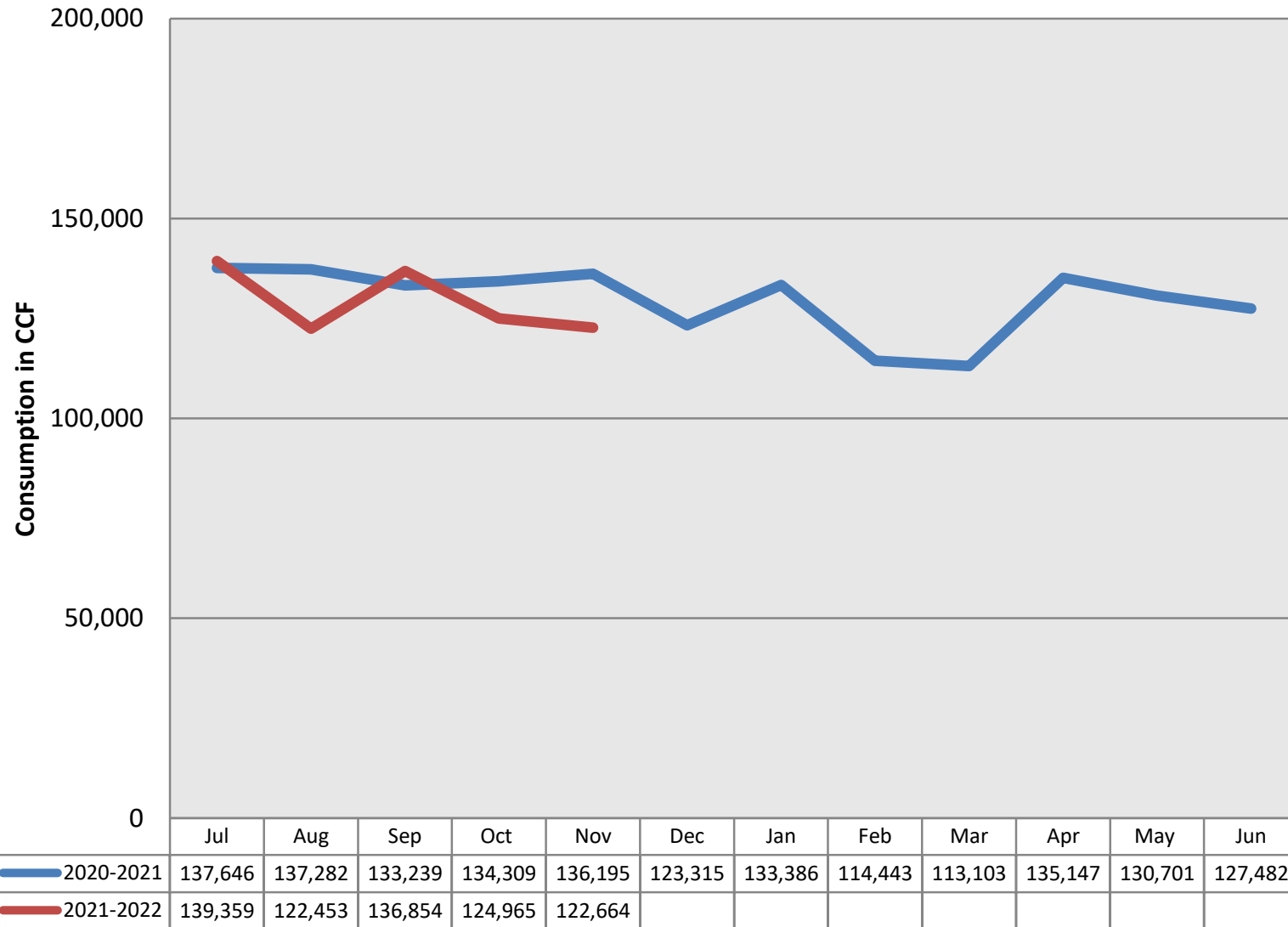
## Laguna Woods Village Year-to-Date Water & RW Sales November 2021



# ETWD Total Consumption



## Tier I Consumption

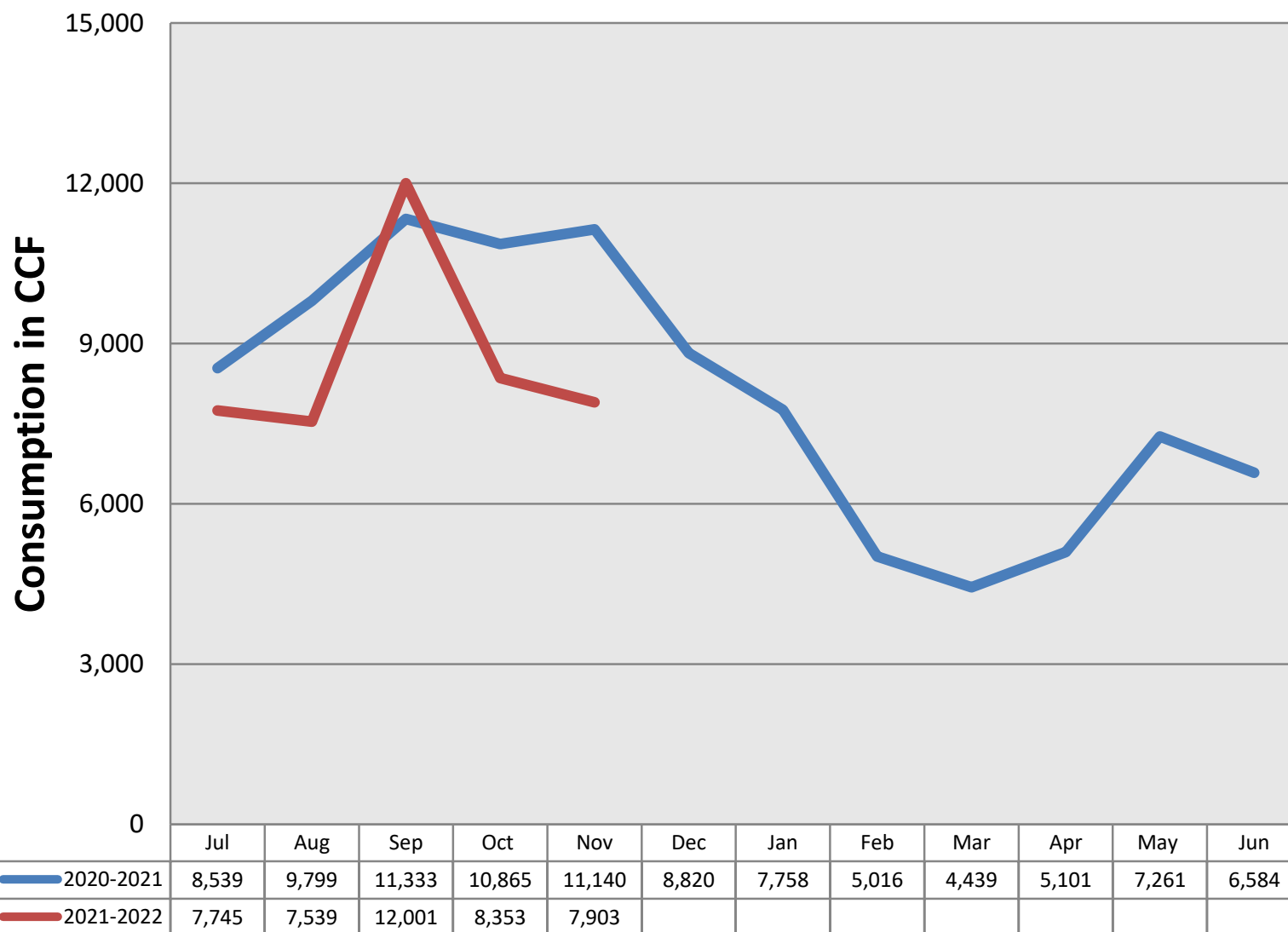




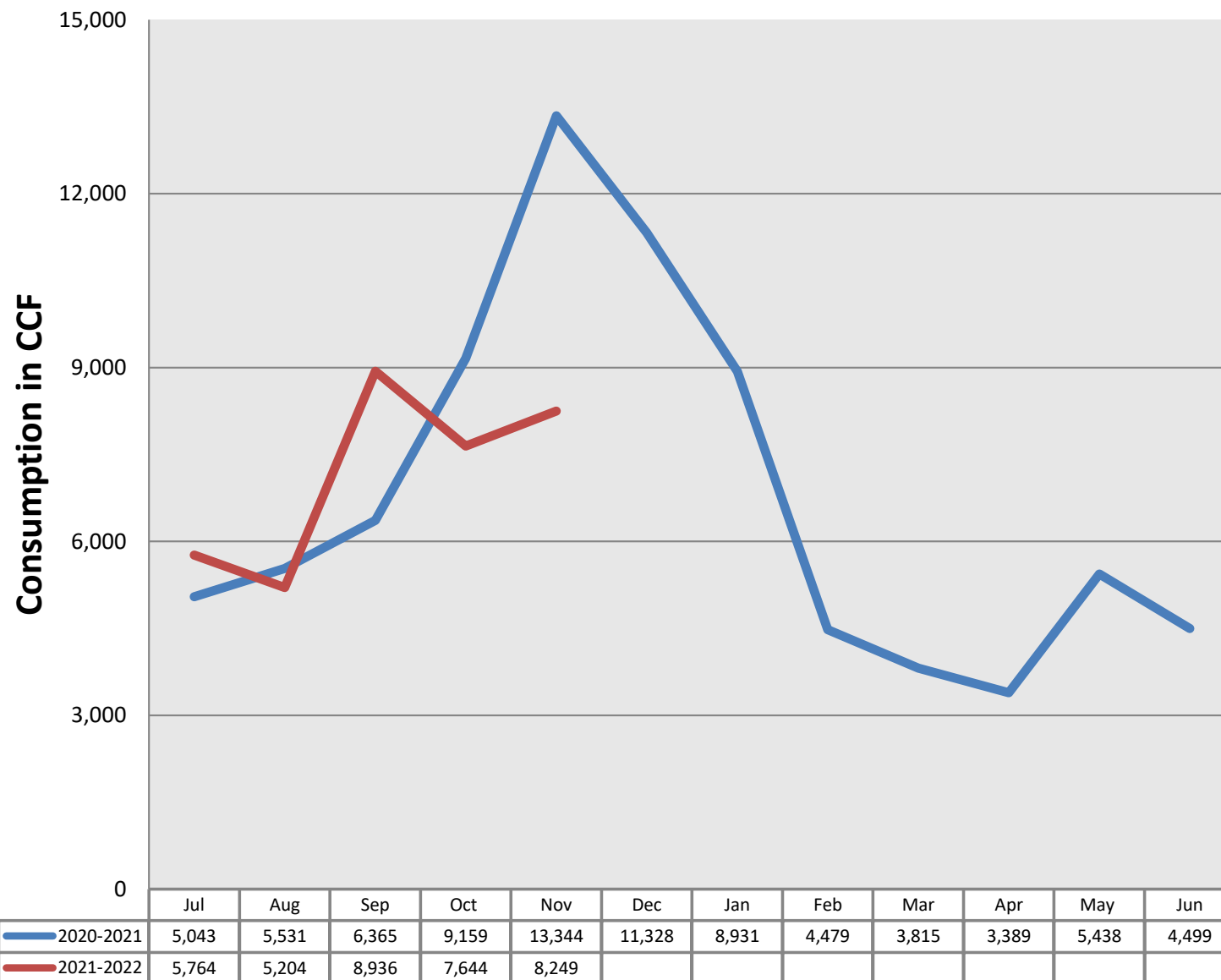
## Tier II Consumption



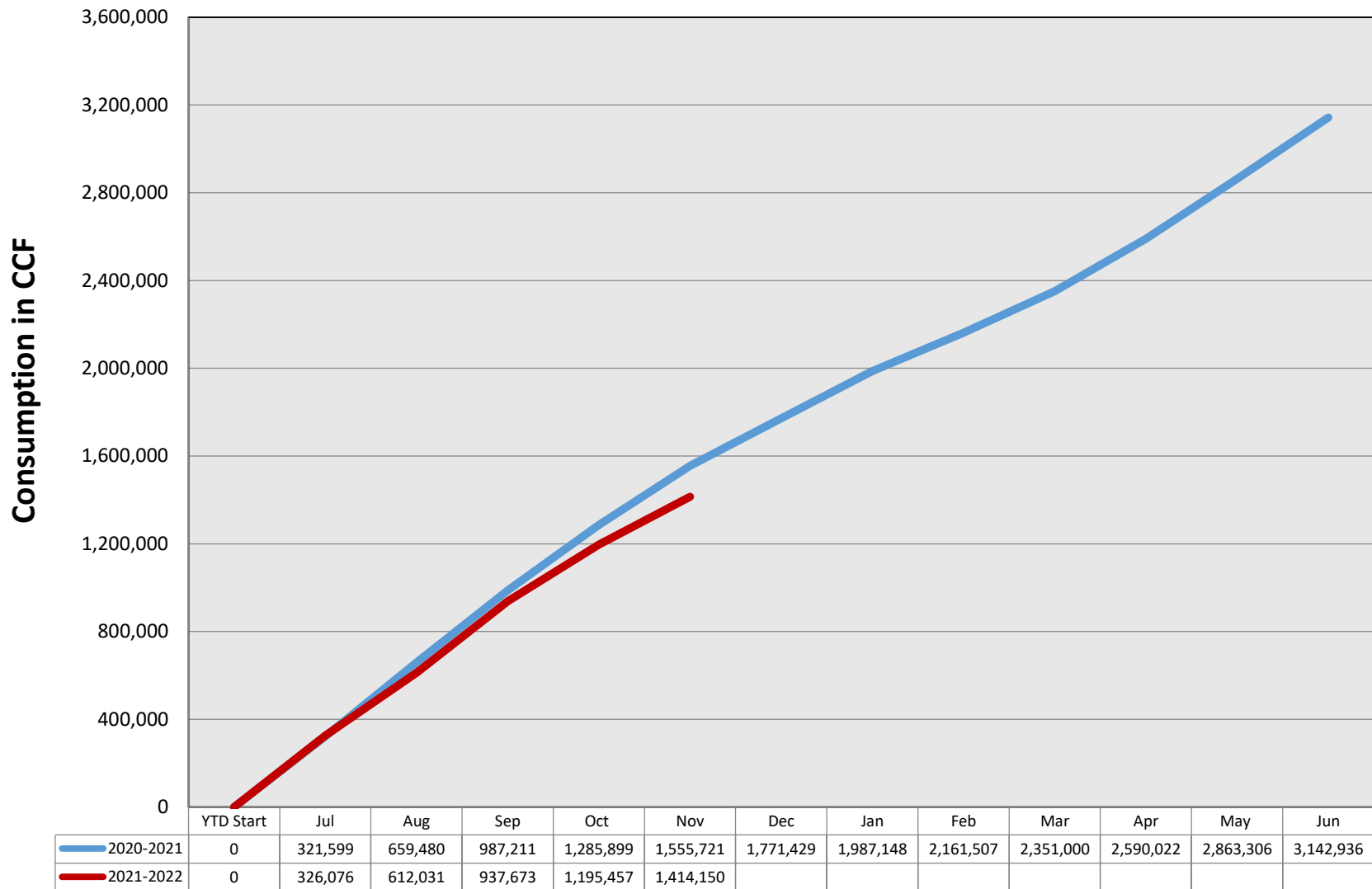
## Tier III Consumption



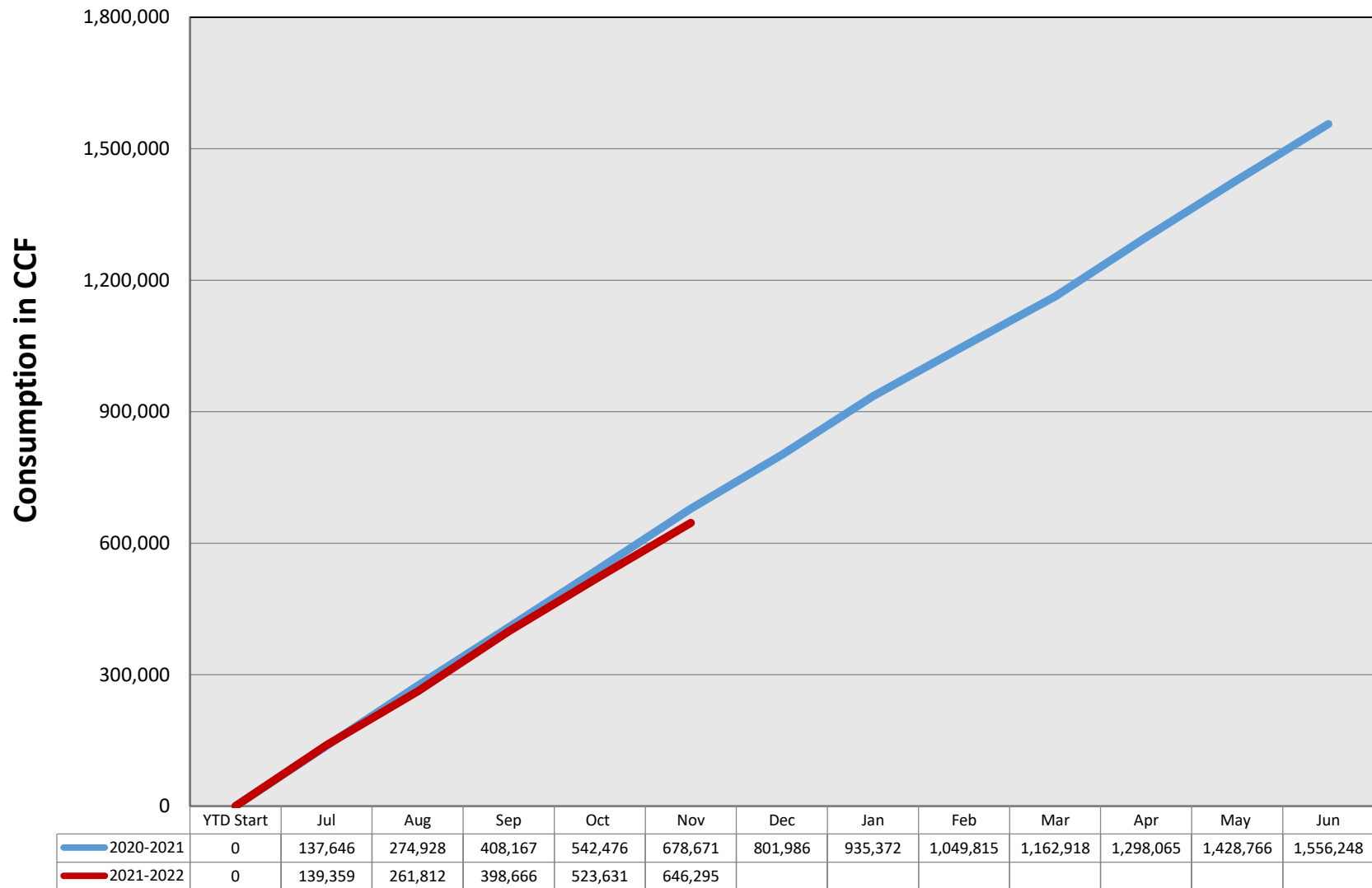
## Tier IV Consumption



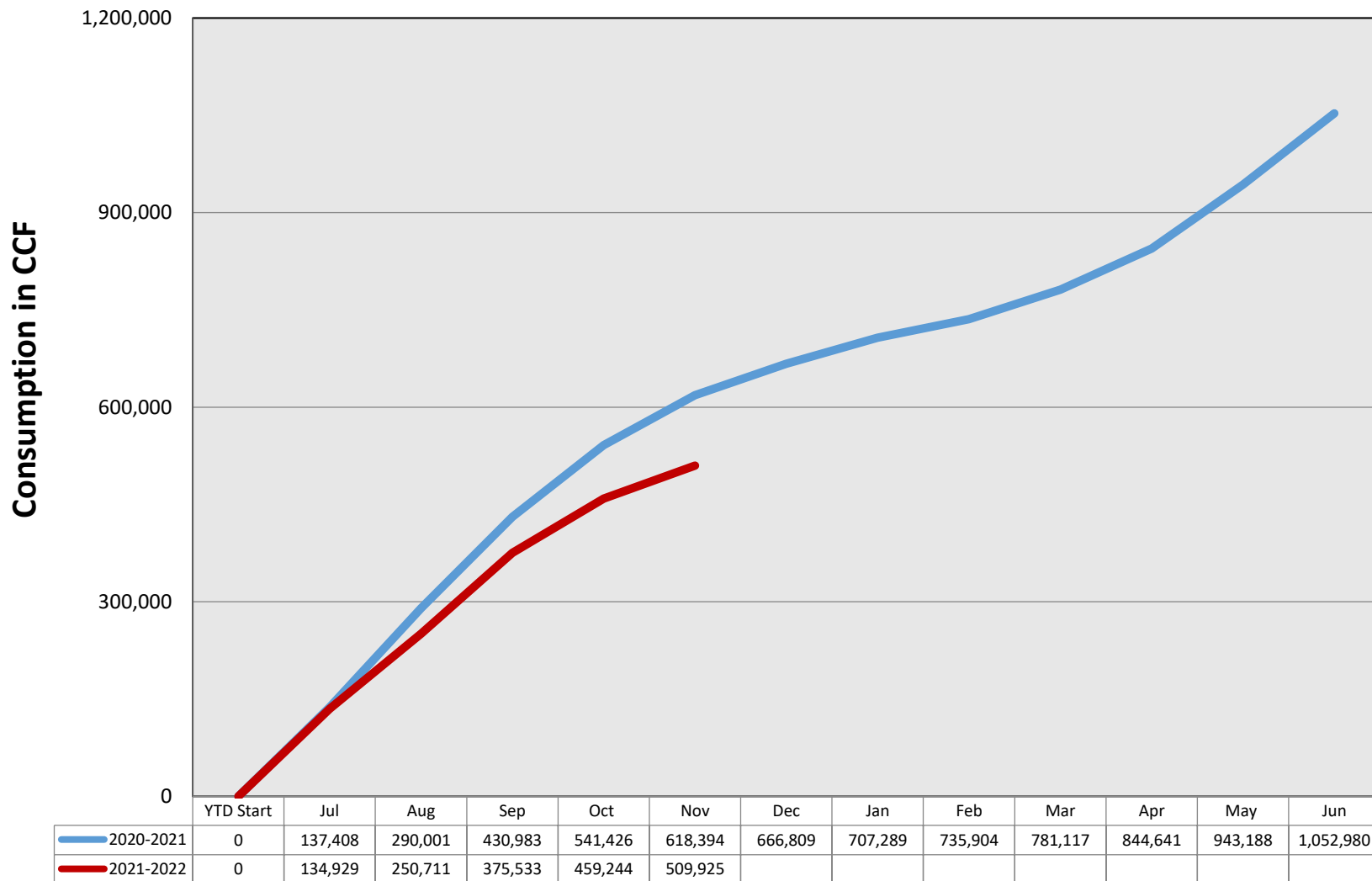
## ETWD YTD Consumption



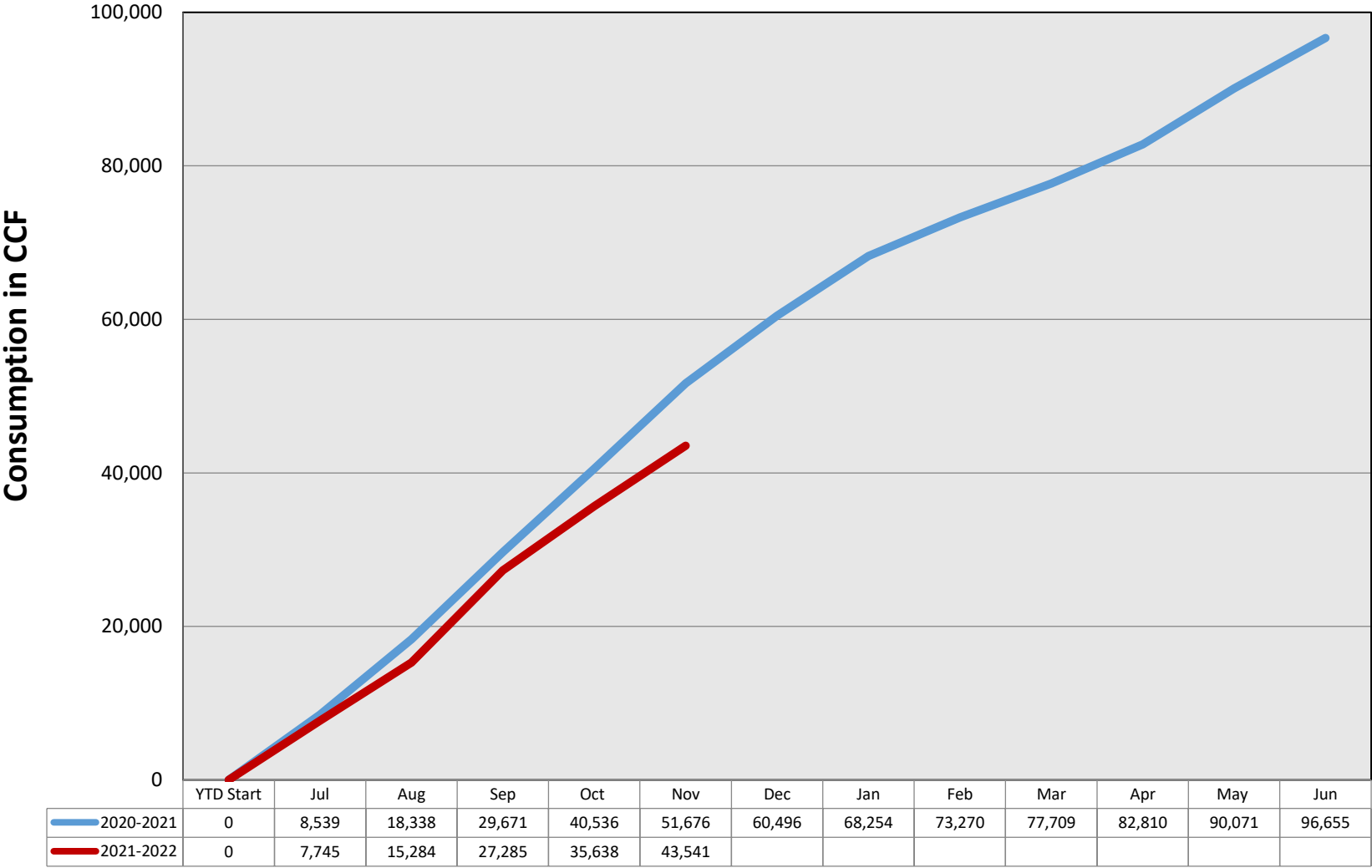
## Tier I YTD Consumption



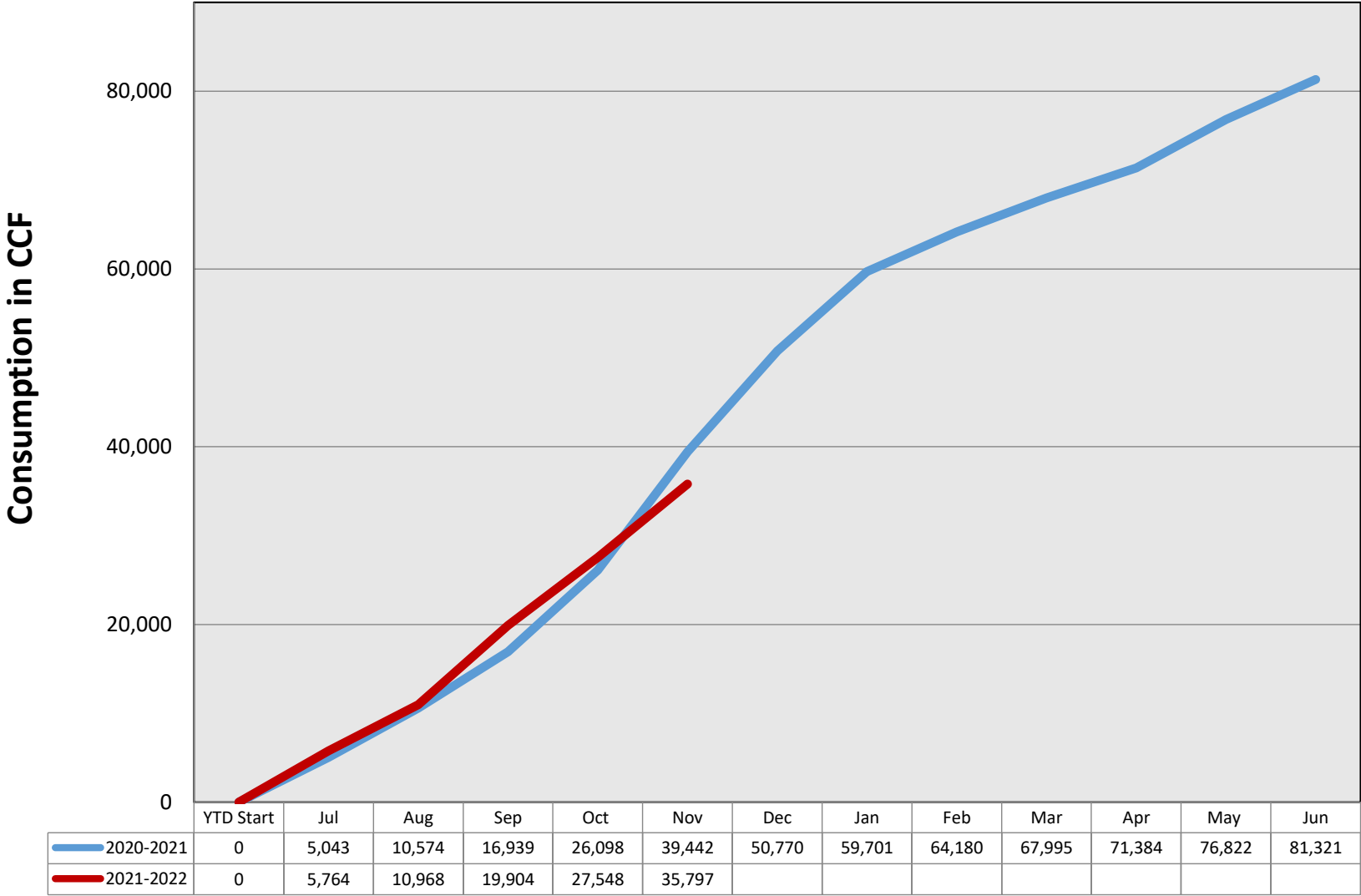
## Tier II YTD Consumption



Tier III YTD Consumption

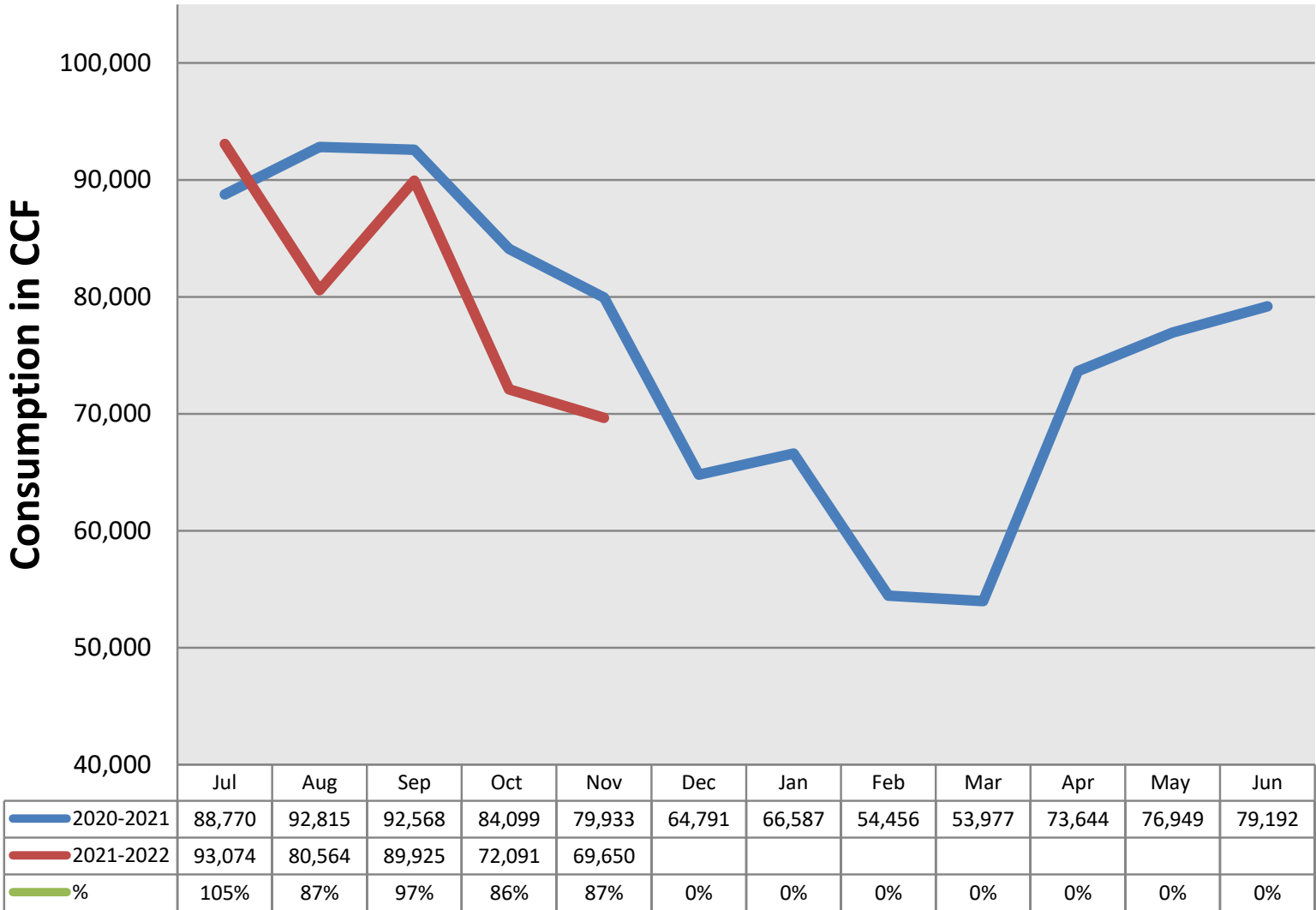


# Tier IV YTD Consumption

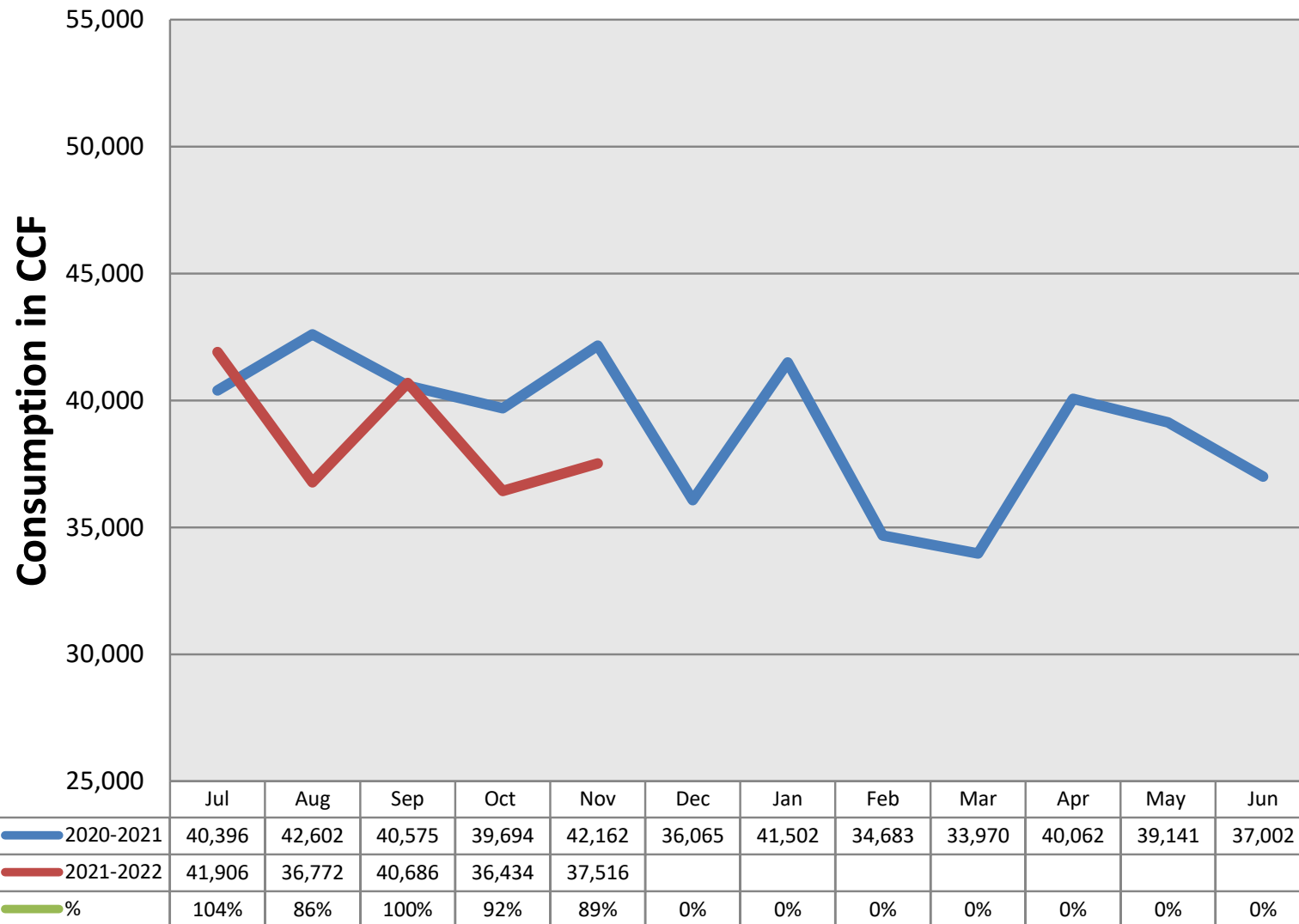




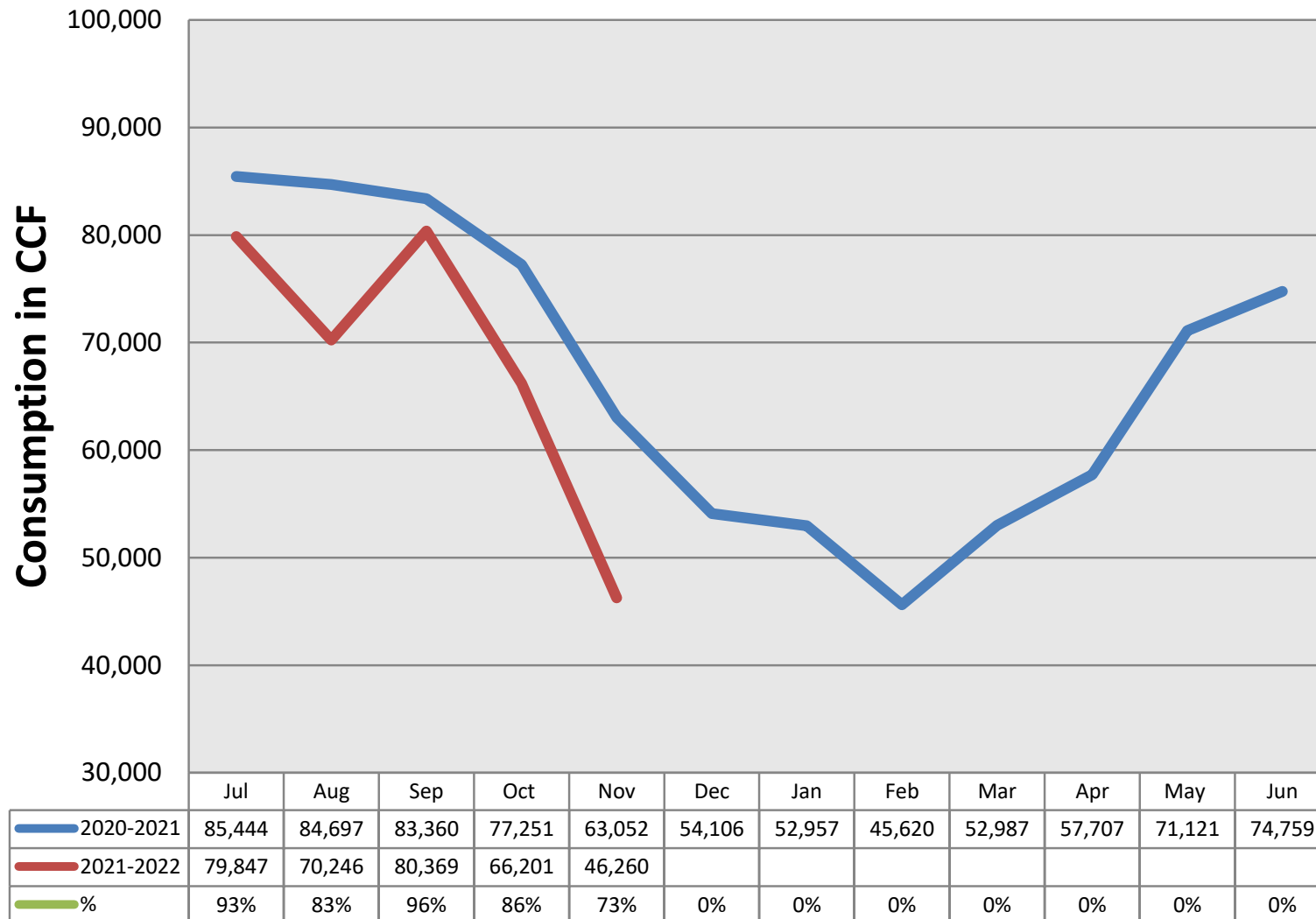
# Single Family Residents Consumption



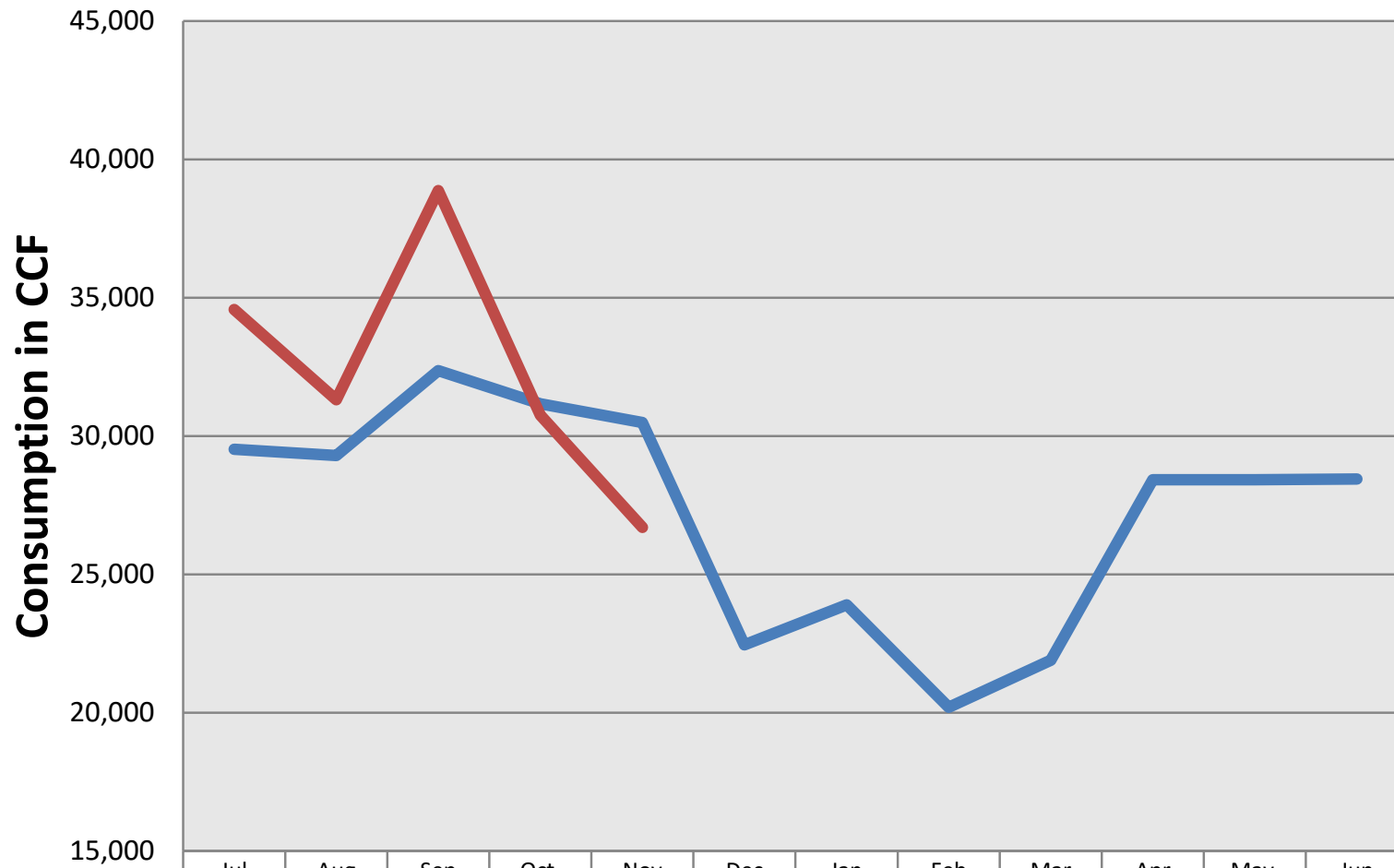
## Multi Family Residents Consumption



## Laguna Woods Village Consumption (Excluding Dedicated Irrigation)

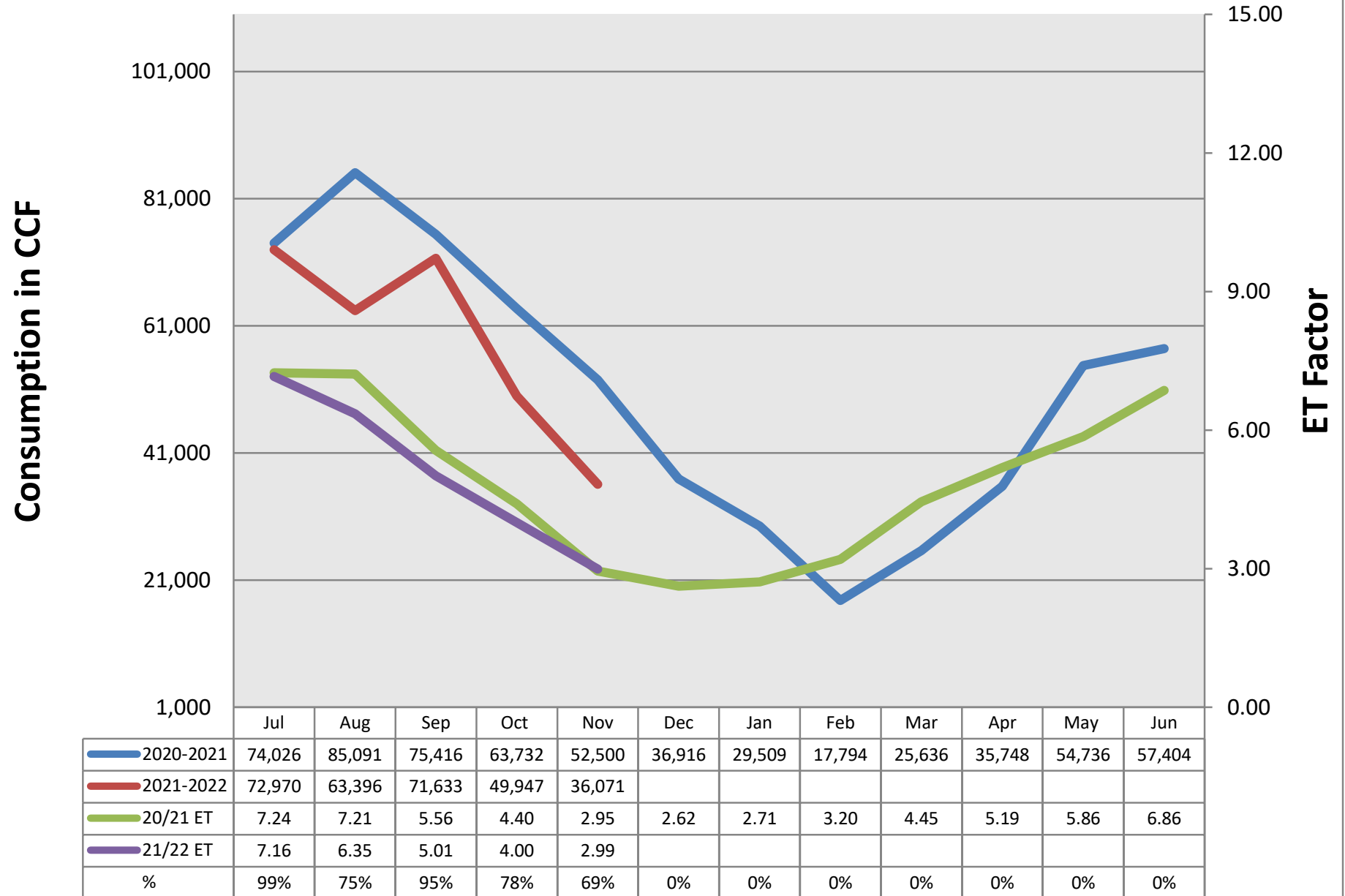


## Commercial Consumption



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2020-2021	29,513	29,290	32,362	31,164	30,493	22,444	23,895	20,192	21,899	28,412	28,421	28,438
2021-2022	34,571	31,313	38,871	30,750	26,696							
%	117%	107%	120%	99%	88%	0%	0%	0%	0%	0%	0%	0%

## Dedicated Irrigation Consumption (including LWV)





## STAFF REPORT

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**To: BOARD OF DIRECTORS**

**Meeting Date: December 13, 2021**

**From: Jason Hayden, Chief Financial Officer**

**Subject: Enterprise Resource Planning Software System – Progress Update**

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Since the last update about the Springbrook implementation process on November 22, 2021, District Staff has continued with implementation tasks, primarily including working on ETWD business process questionnaires which Springbrook has asked ETWD Staff to complete by early January, 2022. ETWD Staff is also entering chart of account information into a spreadsheet that will be used to upload this information into Springbrook.



## STAFF REPORT

To: BOARD OF DIRECTORS

Meeting Date: December 13, 2021

From: Jason Hayden, Chief Financial Officer

Subject: Capital Project Financing Update

At the November 22, 2021 Special Board meeting, the Board directed Staff to proceed with the issuance of debt in an amount sufficient to fund all of the projects that have previously been discussed and to add funding for the Advanced Metering Infrastructure (AMI) project. As a final summary, debt in the following amount will be issued as part of the 2022 financing:

Capital Project Funding Needed	
Project Description	ETWD Cost
R-6 Reservoir Cover Replacement	\$ 9,776,400
South Orange County Turnout Main	3,000,000
Joint Turnout Main Pump Station	2,400,000
Water Filtration Plant Reuse Project	2,917,000
SOCWA Capital Projects	9,974,000
Advanced Metering Infrastructure	6,161,900
Total Project Cost	<u>34,229,300</u>
Utilization of Reserves/Restricted	
Capital Reserves Accumulated in Prior Years	(6,428,700)
Release of Cash Restricted for SRF Loans	(2,270,000)
	<u>(8,698,700)</u>
Total Financing Needed	<u>\$ 25,530,600</u>

NHA Advisors will present additional information about the financing process via a Zoom presentation at the meeting. The NHA Advisors presentation is attached to this Staff Report.

With the amount of financing determined, ETWD Staff, NHA Advisors, and Bond and Disclosure Counsel have begun to implement the next steps in the process of issuing the debt, including:

- NHA Advisors have drafted an RFP that will be sent to bond underwriting firms who will work with the District to complete the actual issuance of the Certificates of Participation;
- Determine whether to establish a non-profit Financing Corporation to issue Certificates of Participation or establish a Joint Powers Authority so the District can issue Revenue Bonds.** This is a change from prior discussions when Staff had always presented the debt issuance as occurring via Certificates of Participation. In the past week, NHA Advisors has advised Staff that it could be beneficial to issue the debt as Revenue Bonds instead of Certificates of Participation.

Revenue bonds are more accepted in the debt markets and Bond Counsel and NHA Advisors has informed Staff that utilizing Revenue Bonds in lieu of Certificates of Participation does not make the issuance process more challenging or complicated.

The potential benefit from the issuance of Revenue Bonds could be significant savings in interest costs for the District, especially over a 30 year period. Because Revenue Bonds are more accepted in the debt market, the District could potentially realize up to a 10 basis point difference in interest cost. When this is applied to a fairly large financing such as the District is pursuing (approximately \$45 million, after the bond premium is factored in, due to the refinancing of the SRF Loans), a 1 basis point reduction in interest would be \$4,500 per year in interest cost savings and a 10 basis point reduction in interest would be \$45,000 per year in interest cost savings.

The District would need to enter into an agreement with the California Statewide Communities Development Authority (CSCDA) to form a Joint Powers Authority (JPA) which would be the entity actually issuing the revenue bonds on behalf of the District. The District Board would comprise the Board of Directors for the JPA. The cost to set up the JPA would be a one-time payment of \$10,000 to the CSCDA.

Further discussion about utilizing Revenue Bonds or Certificates of Participation for this financing will occur at the FIC meeting on 12/13/2021.

Additional tasks that need to be completed in January and February will include:

- Bond and Disclosure Counsels will need to complete the documents that will need to be approved by the Board for the actual issuance of the debt;
- ETWD Staff will work with NHA Advisors, the Bond Underwriter, and the Disclosure Counsel to draft the Official Statement for the issuance of the debt;
- ETWD Staff will work NHA Advisors and the Bond Underwriter to set up and complete the bond rating process with one or more rating agencies.

The financing schedule that has been put together by NHA Advisors shows all of these tasks being completed by the February Board meeting at which point the Board will be able to approve all of the financing documents and the actual issuance process will then occur in March of 2022. Please see the attached financing schedule.

## **Attachments**

- Attachment 1 – NHA Advisors Presentation “Financing Options for Capital Projects”
- Attachment 2 – El Toro Water District Financing Schedule.



**Attachment 1**  
**NHA Advisors Presentation**  
**“Financing Options for Capital Projects”**



# FINANCING OPTIONS FOR CAPITAL PROJECTS

*PRESENTATION TO FINANCE COMMITTEE*

**NHA | ADVISORS**  
Financial & Policy Strategies.  
Delivered.

DECEMBER 13, 2021

# Background

- ▶ District expects to fund six projects with estimated cost of \$34.23 million with \$25.53 funding needed after application of reserves
  - ▶ \$6.43 million capital reserves on hand
  - ▶ \$2.27 million restricted reserves released from SRF refinancings
- ▶ Recycled water project (\$6M) not expected to be funded at this time

Capital Projects to be Funded

Capital Project	Project Cost
R-6 Floating Cover Replacement Project	\$9,776,400
South Orange County Turnout Main	3,000,000
Joint Turnout Main Pump Station	2,400,000
Water Filtration Plant Reuse Project	2,917,000
SOCWA Capital Projects	9,974,000
AMI Remote Meter Reading	6,161,900
<b>Total Project Costs</b>	<b>\$34,229,300</b>
Less: Capital Reserves	(6,428,700)
Less: Release of Restricted SRF Reserves	(2,270,000)
<b>Total Funding Needed</b>	<b>\$25,530,600</b>



# Core Objectives

---

- ▶ Develop Plan of Finance that achieves multiple goals:
  - ▶ Maintains long-term fiscal sustainability
  - ▶ Maintains affordable rates for District customers
  - ▶ Secures lowest interest rates and favorable prepayment terms
  - ▶ Provides the District with the financial flexibility to:
    - ▶ Utilize pay-as-you-go funding of projects
    - ▶ If needed, utilize a combined water/sewer/recycled water pledge for debt, but
      - Does NOT put undo pressure upon customer water and sewer rates



# Multiple Alternatives Examined

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- ▶ Over last several months, District has examined multiple funding alternatives with various considerations, including:
  - ▶ Capital projects to be funded
  - ▶ Inclusion of SRF loan refinancing
  - ▶ Amortization/repayment shape
  - ▶ COPs vs. Revenue Bonds
- ▶ District has decided that the best path forward is to refinance outstanding SRF loans and to “wrap” the new money around Texas Capital loan and SRF refinancing
  - ▶ SRF refinancing eliminates senior/subordinate lien structure and allows for release of restricted reserves
  - ▶ New money “wrap” structure

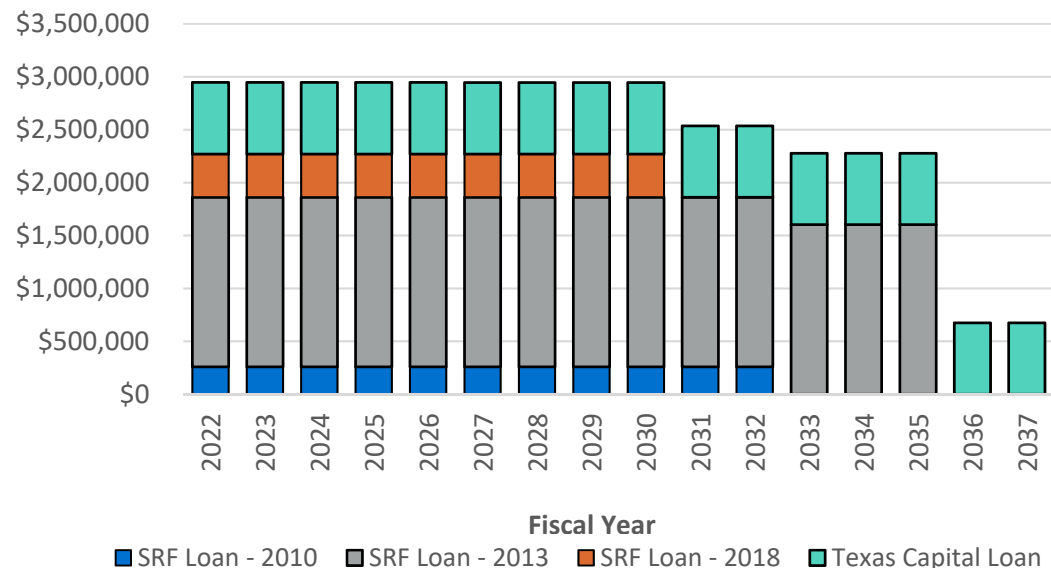


# District's Current Outstanding Debt

- ▶ The District's current debt portfolio consists of four obligations
  - ▶ 2018 SRF Loan
  - ▶ 2013 SRF Loan
  - ▶ 2010 SRF Loan
  - ▶ Texas Capital Loan
- ▶ All four of the District's debt obligations will reach final maturity by July 1, 2036 (FYE 2037)
- ▶ Combined annual debt service is \$2.947 through FYE 2030, stepping down thereafter as loans mature

Debt Description	Principal Outstanding	Interest Rate	Final Maturity
2010 SRF Loan	\$2,428,708	2.70%	1/12/2032
2013 SRF Loan	\$19,821,900	1.70%	12/31/2034
2018 SRF Loan	\$3,035,582	1.70%	7/31/2029
Texas Capital Loan	\$8,109,910	3.10%	7/1/2036

**District Combined Debt Service**



# Estimated New Debt Profile

Fiscal Year	Total SRF Refunded Debt Service				Texas Capital Loan	New Projects	Total All D/S
	2010 SRF P+I (Refunding)	2013 SRF P+I (Refunding)	2018 SRF P+I (Refunding)	Total Refunding	Total P+I	Funds \$25.53M Projects	
06/30/23	\$ 242,750	\$ 1,612,500	\$ 405,750	\$ 2,261,000	\$ 677,553	\$ 1,109,750	\$ 4,048,303
06/30/24	242,400	1,610,400	407,800	2,260,600	677,345	887,800	3,825,745
06/30/25	245,600	1,610,200	405,400	2,261,200	677,131	887,800	3,826,131
06/30/26	243,400	1,613,400	407,600	2,264,400	676,910	887,800	3,829,110
06/30/27	241,000	1,614,800	409,200	2,265,000	676,682	887,800	3,829,482
06/30/28	243,400	1,614,400	410,200	2,268,000	676,447	887,800	3,832,247
06/30/29	245,400	1,612,200	405,600	2,263,200	676,205	887,800	3,827,205
06/30/30	242,000	1,613,200	405,600	2,260,800	675,955	887,800	3,824,555
06/30/31	243,400	1,612,200		1,855,600	675,698	887,800	3,419,098
06/30/32	244,400	1,614,200		1,858,600	675,431	887,800	3,421,831
06/30/33		1,614,000		1,614,000	675,158	887,800	3,176,958
06/30/34		1,611,600		1,611,600	674,876	887,800	3,174,276
06/30/35		1,612,000		1,612,000	674,585	887,800	3,174,385
06/30/36				-	674,285	1,822,800	2,497,085
06/30/37				-	673,975	1,825,400	2,499,375
06/30/38				-		1,826,400	1,826,400
06/30/39				-		1,825,800	1,825,800
06/30/40				-		1,823,600	1,823,600
06/30/41				-		1,824,800	1,824,800
06/30/42				-		1,824,200	1,824,200
06/30/43				-		1,826,800	1,826,800
06/30/44				-		1,822,400	1,822,400
06/30/45						1,826,200	1,826,200
06/30/46						1,822,800	1,822,800
06/30/47						1,822,400	1,822,400
06/30/48						1,824,800	1,824,800
06/30/49						1,824,800	1,824,800
06/30/50						1,822,400	1,822,400
06/30/51						1,822,600	1,822,600
06/30/52						1,825,200	1,825,200
Total	\$ 2,433,750	\$ 20,965,100	\$ 3,257,150	\$ 26,656,000	\$ 10,138,235	\$ 42,776,750	\$ 79,570,985



# Baseline Financing Assumptions

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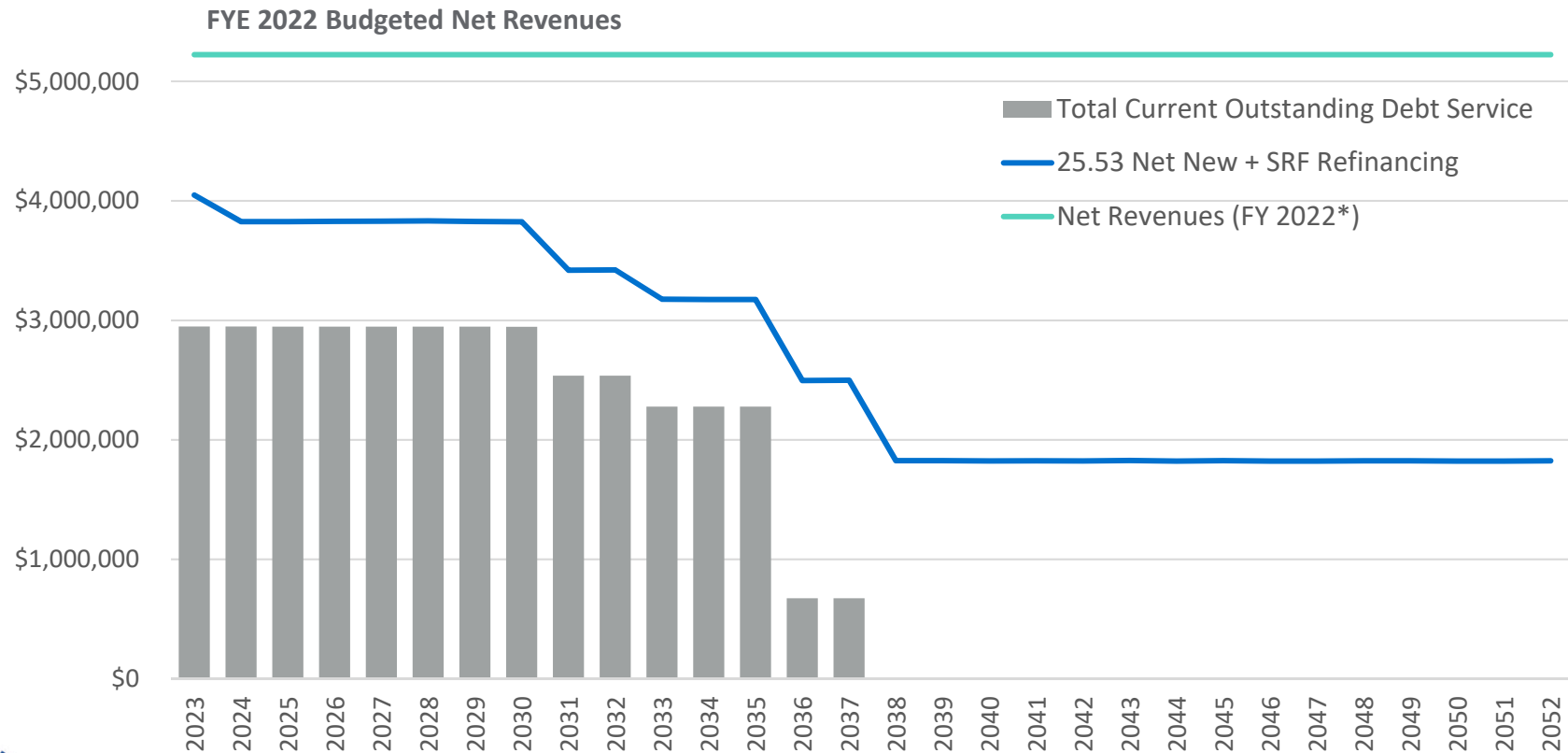
- ▶ Capital projects funded in the amount of \$25,530,600
- ▶ Tax-exempt financing with current market rates
- ▶ Bond closing estimated in March 2022
- ▶ Payment dates of December 1 and June 1 (principal)
- ▶ Market rates assume interest rate buffer and bond insurance enhancement for “AA” category rating, to be conservative
- ▶ 2022 Bonds issued with a 10-year optional redemption
- ▶ SRF loan refunding assumptions:
  - ▶ Total reserve balance of all three loans is \$2.27 million can be released from restricted position and applied to reduce new money
  - ▶ If all SRF loans are refunded, the 2022 Bonds could be issued on parity with other debt and subordinate position would not be required





# Comparison of Current Debt Payments vs. Combined New Debt Payments

- ▶ New debt profile assumes:
  - ▶ Refund all SRF debt to same final maturity
  - ▶ New money is wrapped around SRF refunding and Texas Capital loan debt service to minimize rate impact



# Estimated Debt Service Coverage

- ▶ Calculation of debt service coverage based on FYE 2022 budgeted revenues and FYE 2023 projected net revenues
  - ▶ Maximum annual debt service coverage estimated at 1.29x and 1.39x, respectively
    - ▶ Maximum annual debt service occurs in FYE 2023

	Approved Budget FYE 2022	Projected FYE 2023
Gross Revenues	\$28,903,546	\$30,195,164
Operating Expenditures <sup>1</sup>	23,680,367	24,561,895
Net Revenues	5,223,179	5,633,269
Combined Estimated MADs	4,048,303	4,048,303
Coverage	1.29x	1.39x

<sup>1</sup> Excludes depreciation, amortization, capital costs and other non-cash OPEB items.

- ▶ District to maintain minimum debt service coverage of 1.10x



## Key Takeaways

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- ▶ Refinancing of all SRF debt eliminates the need to issue the new financing subordinate to the District's SRF debt
- ▶ Based on current market rates, the refinancing of SRF loans to same final maturity results in little to no impact to MWD rebates
- ▶ Wrap structure of new money component mitigates near term pressure on rates



# Next Steps

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# **APPENDIX A**

## **ADDITIONAL BACKGROUND AND DETAILED ANALYSIS**



# Current Outstanding Loan Documents – Driving Structuring Considerations of New Debt

## SRF Loans

- ▶ Additional obligations cannot be issued senior to SRF debt
- ▶ Future parity obligations can be issued if the District meets the following required conditions:
  - ▶ Net revenues pledged to pay all senior debts relying on the pledged revenue source are at least 1.2 times the highest year's debt service and net revenues pledged to pay all debts are at least 1.10 times the highest year's debt service
  - ▶ The future parity obligation is rated "A", or higher, by at least two nationally recognized rating agencies
- ▶ SRF loans are repayable at any time

## Texas Capital Loan

- ▶ The District shall not issue any additional senior debt while this installment sale agreement remains outstanding without the prior written consent of Texas Capital Bank
  - ▶ Consent shall not be unreasonably withheld for future loans with the District from CSWRCB which meet the Parity Obligations requirement set forth in the Agreement
- ▶ The Texas Capital Loan defines the SRF Loans as Senior Obligations
  - ▶ **Any future obligations would need to be issued on parity with the Texas Capital Loan and subordinate to SRF Loans**
- ▶ Future parity obligations can be issued if the District meets the following required conditions:
  - ▶ The District is not in default on the loan or any other parity obligations
  - ▶ Net Revenues (excluding connection charges) for the latest fiscal year, plus Additional Revenues, are at least equal to 110% of the amount of maximum annual debt service
- ▶ First optional prepayment date: December 21, 2026



# Overview of Refinancing of SRF Loans

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- ▶ Refinancing of SRF Loans achieves multiple objectives
  - ▶ Refunding all SRF debt eliminates the need to issue new bonds subordinate to the SRF loans
  - ▶ Subordinate position could result in one notch lower rating and increased interest cost
  - ▶ Refunding of SRF is to same final maturities as current SRF financings with minimal to no impact on MWD rebates\*
  - ▶ Collectively, refund of SRF loans results in small annual savings
- ▶ All three SRF loans have outstanding reserve funds equal to the annual debt service on the loans
  - ▶ Total reserve balance of all three loans is \$2.27 million can be released from restricted position and applied to reduce new money



\*Based on estimated current market rates

# Current Debt Service Coverage without New Obligations

- ▶ Historical debt service coverage for FYE 2017-2021 has been strong at over 1.60x each year
- ▶ Without new obligations, FYE 2021 Debt Service Coverage is 1.64x

	Audited				
FYE	2017	2018	2019	2020	2021
<b>Gross Revenues:</b>					
Water Consumption Sales	8,635,462	9,459,453	8,474,791	8,705,986	9,571,562
Water Service Charges	4,177,505	4,325,454	4,623,068	4,977,611	5,070,326
Sewer Service Charges	10,759,981	11,085,710	10,955,238	11,044,342	11,496,657
Standby Charges	1,525	418	247	63	-
Reimbursements from others	331,179	403,445	383,810	328,310	401,225
Other Charges for Services	127,222	170,781	226,303	141,018	170,209
Property Taxes	888,973	927,672	1,012,576	1,037,335	1,097,589
Rental Revenue	181,491	188,183	204,160	242,187	236,357
Investment Earnings	75,113	124,001	500,786	424,110	21,511
Other Non-Operating Revenue	152,710	59,653	910,351	40,917	42,826
<b>Total Gross Revenues</b>	<b>25,331,161</b>	<b>26,744,770</b>	<b>27,291,330</b>	<b>26,941,879</b>	<b>28,108,262</b>
<b>Operating Expenses:<sup>1</sup></b>					
Source of Supply	7,435,534	8,294,019	7,650,468	8,085,299	8,763,806
Pumping	1,460,096	1,491,273	1,480,556	1,359,915	1,417,215
Treatment	3,380,526	3,567,648	3,744,102	3,760,193	3,942,249
Transmission and Distribution	5,037,124	5,035,094	4,561,123	5,182,444	5,467,552
Customer Service	694,479	686,217	720,714	603,473	533,039
General and Administrative	3,211,224	3,672,449	4,305,441	4,506,099	4,774,869
Adjust for OPEB Liability (Non-Cash Expense)	-	(440,556)	(913,252)	(1,341,903)	(1,615,466)
<b>Total Operating Expenses</b>	<b>21,218,983</b>	<b>22,306,144</b>	<b>21,549,152</b>	<b>22,155,520</b>	<b>23,283,264</b>
<b>Net Revenues (Revenues - Operating Expenses)</b>	<b>4,112,178</b>	<b>4,438,626</b>	<b>5,742,178</b>	<b>4,786,359</b>	<b>4,824,998</b>
<b>Debt</b>					
SRF Loan - 2010	258,146	258,146	258,146	258,146	258,146
SRF Loan - 2013	1,602,958	1,602,958	1,602,958	1,602,958	1,602,958
Texas Capital Loan	-	513,622	678,324	678,140	677,951
SRF Loan - 2018	-	-	-	409,046	409,046
<b>Total Debt Service</b>	<b>1,861,104</b>	<b>2,374,726</b>	<b>2,539,428</b>	<b>2,948,290</b>	<b>2,948,101</b>
<b>Debt Service Coverage</b>	<b>2.21</b>	<b>1.87</b>	<b>2.26</b>	<b>1.62</b>	<b>1.64</b>

Source: El Toro Water District

<sup>1</sup> Excludes depreciation, amortization, capital costs and other non-cash OPEB items.





**Attachment 2**  
**El Toro Water District Financing Schedule**

# El Toro Water District 2022 Financing



## Financing Schedule (As of December 10, 2021)

*Issuer:* El Toro Water District (DISTRICT)  
*Municipal Advisor:* NHA Advisors (MA)  
*Bond Counsel:* Stradling Yocca Carlson & Rauth (BC)  
*Disclosure Counsel:* Stradling Yocca Carlson & Rauth (DC)  
*Underwriter:* TBD (UW)

December 2021							January 2022							February 2022							March 2022						
Su	M	Tu	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa
			1	2	3	4							1			1	2	3	4	5			1	2	3	4	5
5	6	7	8	9	10	11	2	3	4	5	6	7	8	6	7	8	9	10	11	12	6	7	8	9	10	11	12
12	13	14	15	16	17	18	9	10	11	12	13	14	15	13	14	15	16	17	18	19	13	14	15	16	17	18	19
19	20	21	22	23	24	25	16	17	18	19	20	21	22	20	21	22	23	24	25	26	20	21	22	23	24	25	26
26	27	28	29	30	31		23/30	24/31	25	26	27	28	29	27	28						27	28	29	30	31		

Date	Activity	Participants
Mid December	Select Underwriter	DISTRICT/MA
Friday, December 24	Christmas Day Holiday (Recognized)	ALL
Friday, December 31	New Year's Day Holiday (Recognized)	ALL
<b>2022</b>		
Thursday, January 13	Circulate First Drafts of Financing Documents (Base Legal Documents and Resolution)	BC
Monday, January 17	Martin Luther King Jr. Day Holiday	ALL
Friday, January 14	Circulate First Draft of Preliminary Official Statement ("POS")	DC
Friday, January 21	Comments Due on First Drafts of Financing Documents	ALL
Monday, January 24	Comments Due on First Draft of POS	ALL
<b>Thursday, January 27</b>	<b>Approval of JPA Agreement or El Toro Water District Financing Corporation</b>	<b>DISTRICT</b>
Tuesday, February 1	Circulate Second Drafts of Financing Documents	BC
Wednesday, February 2	Circulate Second Draft of POS	DC
Thursday, February 3	Submit Credit Package to Rating Agency and Bond Insurers (If Applicable)	MA
Thursday, February 10	Circulate Draft Staff Report	MA

Date	Activity	Participants
Friday, February 11	Comments Due on Second Drafts of Financing Documents and POS	ALL
Monday, February 14	Comments Due on Draft Staff Report	ALL
February 10-11	Credit Rating Presentation	ALL
Wednesday, February 16	Circulate Agenda Drafts of Financing Documents and POS	BC/DC
Wednesday, February 16	Agenda Deadline for February 24, 2022 Board Meeting (Staff Report and Financing Documents)	ALL
Monday, February 21	Presidents' Day Holiday	ALL
Thursday, February 17	Rating Due	MA
Friday, February 18	Bond Insurance Bids Due; Bond Insurer Selected (If Applicable)	DISTRICT/MA
<b>Thursday, February 24</b>	<b>Board Approval of Financing</b>	<b>DISTRICT</b>
Thursday, February 24	Circulate Draft POS with Rating and Insurance Language (If Applicable)	DC
February 24-28	Due Diligence Call	DISTRICT/UW/ MA/BC/DC
Friday, February 25	Final Comments Due on POS	ALL
Monday, February 28	Release POS to Underwriter	DC
Monday, March 7	Pre-pricing Call	DISTRICT/UW/ MA
Tuesday, March 8	Price Bonds	DISTRICT/UW/ MA
Thursday, March 10	Circulate Draft Final Official Statement ("FOS")	DC
Friday, March 11	Circulate Draft Closing Documents	BC
Friday, March 11	Comments Due on Draft FOS	ALL
Monday, March 14	Comments Due on Closing Documents	ALL
Tuesday, March 15	Release FOS to Underwriter	DC
March 15-18	Execute Closing Documents	ALL
Monday, March 21	Pre-Closing	ALL
Tuesday, March 22	Closing	ALL



## STAFF REPORT

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**To: BOARD OF DIRECTORS**

**Meeting Date: December 13, 2021**

**From: Jason Hayden, Chief Financial Officer**

**Subject: Presentation of the Annual Financial Report for the Fiscal Year ended June 30, 2021**

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Attached to this memo please find the Comprehensive Annual Financial Report for the El Toro Water District for the Fiscal Year ended June 30, 2021. Also attached are two documents that communicate information from the District's audit firm, the Additional Communications Letter and the Letter on Government Audit Standards.

Finance Staff is pleased to report that the audit opinion is unqualified (*excerpted from Page 14 of the CAFR*):

"In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2021, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America."

In addition to the unqualified opinion in the CAFR, the Additional Communication Letter also communicates the auditor's opinion of working with the Finance Staff:

*"Difficulties Encountered in Performing the Audit"*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during the course of our audit."

A summary of the financial results of the District's operations for the fiscal year ended June 30, 2021 appears in the Management's Discussion and Analysis section beginning on Page 15 and ending on Page 21. Some of the significant changes during the current fiscal year include:

- The Net Position of the District declined \$1,885,656 (-3.01%), from \$62,739,280 as of June 30, 2020 to \$60,853,624 as of June 30, 2021 (*this information is extracted from Page 17 of the document from the chart entitled "Condensed Statement of Net Position"*).
- The decline in Net Position was primarily caused by Depreciation expense (\$4,345,557) and an increase in OPEB liability (\$1,615,466). These are both non-cash accounting charges that do not reduce the current assets of the District.
- Current assets of the District declined \$226,861 (-.92%). Capital Assets, Net of Related Debt and Accumulated Depreciation, declined \$1,388,972 primarily due to the net depreciation expense of \$4,112,115 which was offset to some extent by net additions to capital assets of \$2,723,143.
- Long-Term Liabilities increased primarily due to the increase in OPEB Liability supplemented by a smaller increase in compensated absence liability (increase of \$86,123). These increases were offset to some extent by a decrease in Loans Payable of \$2,197,763 as the District paid down principal on its outstanding debt (*see chart "Summary of Outstanding Debt" on Page 20 of the Financial Statements*).
- Operating Revenues increased \$1,512,712 (6%), from \$25,197,267 during the 2020 fiscal year to \$26,709,979 during the 2021 fiscal year (*Please see the chart "Total Revenues" on Page 18 of the Financial Statements*). Non-operating revenues declined \$346,266 (-19.85%), from \$1,744,549 during the 2020 fiscal year to \$1,398,283 during the 2021 fiscal year. The decline in Non-operating Revenue is almost entirely attributable to a decrease in Investment Income as the District's investment activities were impacted by a difficult environment for fixed income investments during the 2020-2021 fiscal year.
- Operating Expenses, net of OPEB Charges and Depreciation and Amortization, increased \$1,160,151 (5.24%), from \$22,123,113 during fiscal year 2020 to \$23,283,264 during fiscal year 2021 (*Please see the chart "Expenses" on Page 19 of the CAFR*). Most of this increase in Operating Expenses was caused by an increase in Source of Supply as the District purchased significantly more water to sell to customers during fiscal year 2021. All of the operating components of the District had increased expenses but these offset to some extent by decreases in Customer Service and General & Administrative Expenses.

Fiscal year 2021 was a relatively successful year for the District considering the challenging environment the District (and society as a whole) encountered during the year.

**Recommended Action:** Staff recommends that the Board of Directors Receive and File the District's Comprehensive Annual Financial Report – Audit for the Fiscal Year ended June 30, 2021.

**Attachments**

- Attachment 1 – Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2021
- Attachment 2 – Additional Communications Letter
- Attachment 3 – Government Auditing Standards Communication

**Attachment 1**  
**Comprehensive Annual Financial Report**  
**for the Year Ended June 30, 2021**

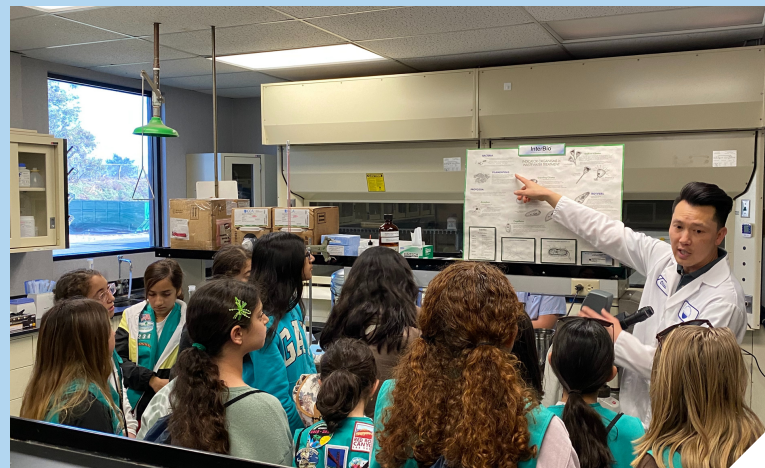
**EL TORO WATER DISTRICT**  
**COMPREHENSIVE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**



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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended  
June 30, 2021



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## INTRODUCTORY SECTION



# El Toro Water District

*"A District of Distinction"*

Serving the Public - Respecting the Environment

November 30, 2021

## Board of Directors

Mike Gaskins  
*President*

Kathryn Freshley  
*Vice President*

Kay Havens  
*Director*

Mark L. Monin  
*Director*

Jose F. Vergara  
*Director*

## General Manager

Dennis P. Cafferty

Board of Directors  
El Toro Water District

Submitted for your review and consideration is the Comprehensive Annual Financial Report for the El Toro Water District (the "District"), for the fiscal year ended June 30, 2021 (FYE 2021). California law requires special purpose governments to publish a complete set of financial statements within 180 days of the close of each fiscal year. This Comprehensive Annual Financial Report is issued by the District to comply with this requirement and to enable elected officials, District residents, and all other stakeholders to gain a comprehensive understanding of the District's finances.

The financial statements included in this report depict the District's financial position and the changes in that financial position as of June 30, 2021. The Statements are presented in conformity with Generally Accepted Accounting Principles (GAAP) and have been audited in accordance with Generally Accepted Auditing Standards (GAAS) by a firm of licensed certified public accountants. Responsibility for the accuracy of the data presented, as well as the completeness and fairness of the presentation, including disclosures, rests with the El Toro Water District. The District believes the data presented is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and changes in financial position of the District. Incorporated into the financial statements are all disclosures necessary to enable the reader to gain a maximum understanding of the District's financial affairs.

The District's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants experienced in auditing special purpose governments in California. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District are free of material misstatements. The independent audit consisted of examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based on these audit procedures, the independent auditor concluded there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2021 are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Governmental Accounting Standards Board Statement Number 34 requires the District to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The MD&A is found immediately following the report of the independent auditors.

### **Profile of the El Toro Water District**

The El Toro Water District was formed in 1960 and serves approximately 47,900 residents of five municipalities located in southern Orange County. The District is a fully integrated water, sewer, and recycled water retail operation with a service area that includes all of the City of Laguna Woods and portions of the Cities of Aliso Viejo, Laguna Hills, Lake Forest, and Mission Viejo. The District's service area includes 5,430 acres or approximately 8.48 square miles.

The District is governed by a Board of Directors consisting of five board members who are elected by the registered voters within 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 staggered terms 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 very proud to have been awarded the District of Distinction Award by the Special District Leadership Foundation in each accreditation cycle since 2007, a testament to the responsible leadership that has been a long-standing tradition at the District.

### **Significant Accomplishments during Fiscal Year 2021**

During the budget process, the District Board participates in a goal setting discussion for the purpose of establishing or redefining key goals and objectives for the forthcoming budget year. District Staff utilizes these budget goals and objectives to guide operations and spending during the budget year. The achievements in the 2021 fiscal year were a result of the goals and objectives established by the Board during the annual budget process and are described below:

#### General Accomplishments

- The District managed the transition of several senior staff members by recruiting qualified successors, including a Chief Financial Officer, a new position for the District, an Operations Superintendent, and an Engineering Manager.
- Like all of its peer agencies, the District had to adapt to the operational and safety protocols necessary to maintain the integrity and reliability of the water, wastewater and recycled water services amidst the COVID-19 pandemic.



### Financial Management

- Continued the District's commitment to superb financial management practices as demonstrated by the receipt of the Certificate of Achievement for Excellence in Financial Reporting for the FYE 2020 Comprehensive Annual Financial Report, a national recognition of the District's financial reporting by the Government Finance Officers Association (GFOA) of the United States.
- The District began the process of securing funding for the construction, replacement, or refurbishment of significant infrastructure and equipment by assessing various options for financing the projects.
- The District also continued its commitment to fiscal discipline by approving a budget for the 2021-2022 fiscal year that is balanced and includes funding for several significant capital projects.

### Infrastructure Improvements

- During fiscal year 2020-2021 the District successfully completed the Phase II Recycled Water Project. This project expanded access to the District's recycled water used for irrigation purposes to a larger number of residences in the City of Laguna Woods, thereby reducing the consumption of potable water and improving the utilization of the water tertiary treatment plant.
- The District also successfully completed several engineering design projects including the Aeration Basin Diffuser and Ocean Outfall Pump Station Emergency Generator replacements; these projects entered into construction phase during the 2020-2021 fiscal year.
- The District began several significant projects, including the reconstruction of the Oso Lift Station as well as the engineering design for the replacement of the Reservoir 6 Cover, the R-2 recoating project, and the Grit Chamber rehabilitation project.

### **Significant Future Initiatives**

The District is committed to providing high quality services to its customers while also maintaining the infrastructure necessary to providing its services. The challenge the District faces in the future is setting rates that are acceptable to its residents but provide sufficient resources to maintain current service levels and complete critical capital projects that are necessary to provide high quality services. The District's initiatives and significant projects in the forthcoming fiscal year are detailed below:

- One significant project that will be ongoing during the 2021-2022 fiscal year is the engineering design of the replacement of the R-6 Reservoir floating cover and liner. This will be a major construction project that will likely begin in the 2022-2023 fiscal year and will have a significant impact on the District's operations and will improve the overall status of the District's water system infrastructure once complete.
- Also in FYE 2022, the District will begin the engineering design for the demolition of the old water filtration plant and the construction of an emergency operations center for the Water Emergency Response Organization of Orange County (WEROC) and a vehicle and equipment storage facility for the District.
- In August of 2021, the District Board approved the purchase of an Enterprise Resource Planning software system to upgrade the business processes of the District from several non-integrated software systems to an integrated software solution. This project will be ongoing throughout FYE 2022.
- A significant project for the District that will occur during FYE 2022 will be the issuance of Certificates of Participation (COPs) to finance future capital projects

## **Financial Management**

### 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 processes of the District are consistent with the accrual basis of accounting and financial reporting.

### Investment Policy

The Board of Directors annually reviews the investment policy to ensure it conforms to State law, District ordinances and resolutions, and prudent money management 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.

### Service Rates and District Revenues

District policy requires all revenues from user charges and surcharges that are generated from District customers must support all District operations including capital project funding. Accordingly, water and wastewater rates are reviewed annually to ensure they are sufficient to support the District's operations. Water and wastewater 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 CliftonAllenLarson, LLP has conducted the audit of the District's financial statements. Their unqualified Independent Auditor's Report appears in the Financial Section.

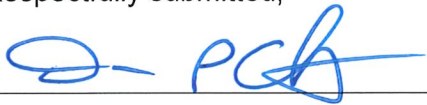


## Awards and Acknowledgements

**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the El Toro Water District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. The Certificate of Achievement is a prestigious award recognizing conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards, Generally Accepted Accounting Principles (GAAP), and applicable legal requirements. A Certificate of Achievement is valid for one year only. The El Toro Water District has received a Certificate of Achievement for three consecutive years.

**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,



Dennis Cafferty  
General Manager



Jason Hayden  
Chief Financial Officer



## **DISTRICT OFFICIALS**

### **Board of Directors**

Mike Gaskins, President

Kathryn Freshley, Vice President

Kay Havens, Director

Mark Monin, Director

Jose Vergara, Director

### **District Management**

Dennis P. Cafferty, General Manager

Jason Hayden, Chief Financial Officer

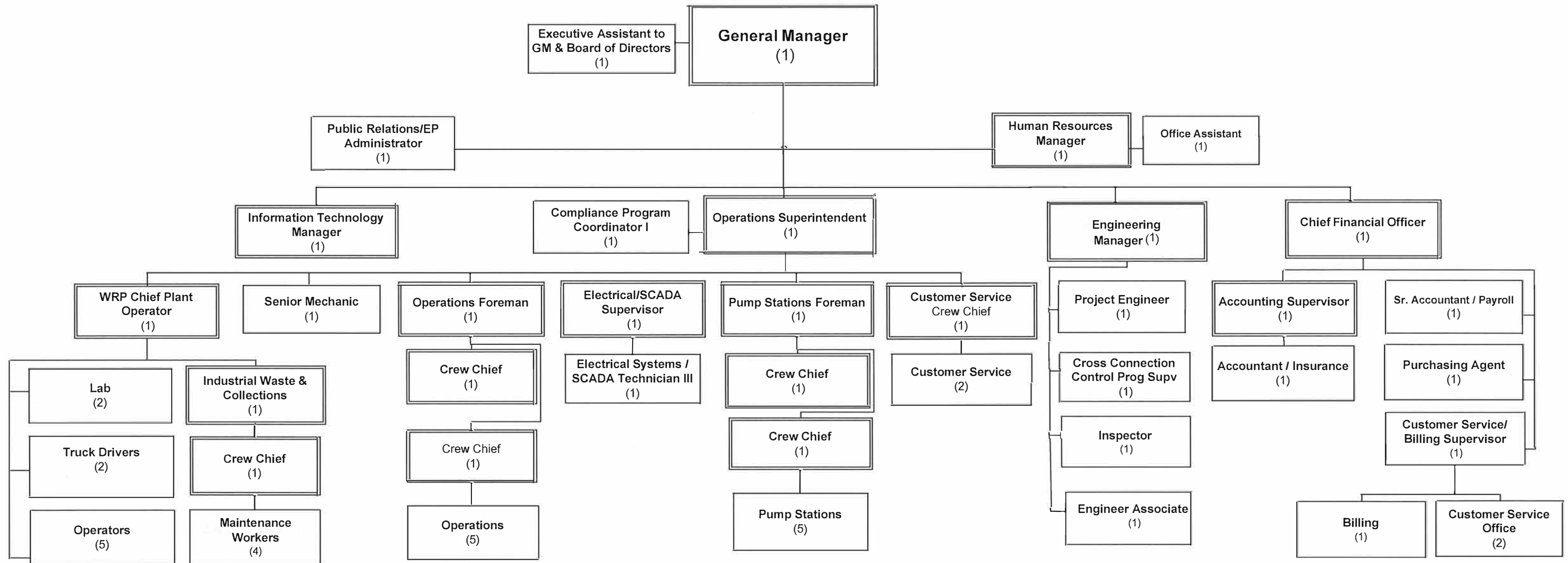
Hannah Ford, Engineering Manager

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, 2020

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
El Toro Water District  
Lake Forest, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the El Toro Water District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2021, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### ***Summarized Prior-Year Comparative Information***

The District's basic financial statements for the year ended June 30, 2020 were audited by White Nelson Diehl Evans LLP, whose practice became part of CliftonLarsonAllen LLP as of November 1, 2020, and whose report dated October 27, 2020, expressed an unmodified opinion on the respective financial statements of El Toro Water District from which the prior year summarized financial information was derived.

#### ***Report on Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of changes in the total other post-employment benefit (OPEB) liability and related ratios identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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 RSI 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 the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section, schedule of revenue, schedule of expenses, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of revenue and schedule of expenses as of and for the year ended June 30, 2021, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenue and schedule of expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no 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 30, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Irvine, California  
November 30, 2021



**El Toro Water District  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2021**

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Management's Discussion and Analysis (MD&A) of activities and financial performance for the El Toro Water District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2021 (FYE 2021). We encourage readers to consider the information presented in this document in conjunction with the basic financial statements and related notes, which follow the MD&A.

**Financial Highlights**

- In FYE 2021, the District's net position decreased \$1,885,656 (-3.01%), from \$62,739,280 as of June 30, 2020 to \$60,853,624 as of June 30, 2021, primarily due to depreciation expense and Other Post Employment Benefits (OPEB) charges.
- In FYE 2021, the District's operating revenues increased \$1,512,649 (6%), from \$25,197,330 during the year ended June 30, 2020 to \$26,709,979 during the year ended June 30, 2021. The increase in Operating Revenues was caused by increases in every category of Operating Revenues, with significant revenue increases occurring in Water Consumption Charges and Sewer Service Charges.
- In FYE 2021, the District's operating expenses, not including depreciation expense or OPEB Charges, increased \$1,160,151 or 5.24%, primarily due to increases in Source of Supply, Pumping Operations, Treatment Operations, and Transmission & Distribution. These increases were counterbalanced to some extent by decreases in Customer Service and Administration. Depreciation expense declined in FYE 2021 but OPEB Charges increased.
- In FYE 2021, the District's Non-operating Revenues declined significantly primarily due to a decrease in Investment Income of \$402,599. This was primarily caused by lower interest rates which negatively impacted the District's investments. Non-operating expenses declined modestly as Interest Expense for the District's outstanding debt declined in accordance with the amortization schedules for the various outstanding debt issuances.

**Required Financial Statements**

This annual report consists of a series of financial statements, including the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. These Statements provide information about the activities and performance of the District and are prepared in accordance with the accrual basis of accounting, similar to the accounting methods used by private sector companies. Incorporated into the Statements are the Notes to the Financial Statements which provide detailed information about the accounting methods and estimates used to prepare the Statements. The report also includes other supplementary information that provides additional details about the El Toro Water District.

- The Statement of Net Position depicts the District's financial position as of June 30, 2021 and includes all of the assets and liabilities of the District. The Net Position of the District is the difference between its assets plus deferred outflows of resources and its liabilities and deferred inflows of resources. The Net Position of the District is classified into three components, net investment in capital assets, restricted, and unrestricted. The Statement of Net Position can be used to evaluate the District's capital structure and assess the liquidity and financial flexibility of the District.
- The Statement of Revenues, Expenses and Changes in Net Position accounts for all of the revenues and expenses of the District during the fiscal year ended June 30, 2021. The statement measures the financial result of the District's operations during the fiscal year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges.
- The final required financial statement is the Statement of Cash Flows, which provides information about changes in the District's cash balance during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operating activities, non-

**El Toro Water District**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021**

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capital and related financing activities, capital and related financing activities, and investing activities. The Statement illustrates the sources of cash, the uses of cash, and the change in the cash balance during the reporting period.

- The Notes to the Financial Statements provide additional information that is essential to achieving a full understanding of the data provided in the financial statements.
- The required supplementary information provides information about the District's progress in funding its obligation to provide Other Post-Employment Benefits to employees.
- The other supplementary information section provides additional detail about the District's revenues and expenses for FYE 2020 and FYE 2021.

**Financial Analysis of the District**

The following pages present financial information in condensed schedules from the Statement of Net Position and the Statement of Changes in Revenues, Expenses, and Changes in Net Position.

These two statements report the District's Net Position and changes in the Net Position. The District's net position, the difference between its assets and liabilities is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating. However, 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 also need to be considered when assessing the District's financial position.

**El Toro Water District**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021**

**Condensed Statement of Net Position**

Net Position is the primary indicator of the District's financial position. The Condensed Schedule of Net Position presented below provides an overview of the District's Net Position for fiscal years ended June 30 2019, 2020, and 2021 and illustrates the changes in the Net Position that occurred between the fiscal years. The District's total Net Position equaled \$60,853,624 at the end of FYE 2021 and \$62,739,280 at the end of FYE 2020. In FYE 2021, total assets and deferred outflows of resources increased \$218,601 (0.18%), total liabilities and deferred inflows increased \$2,104,257 (3.69%) and the result of these changes was a decrease of \$1,885,656 (-3.01%) in Net Position.

Condensed Statement of Net Position							
	June 30, 2019	June 30, 2020	FYE 2019 to FYE 2020		June 30, 2021	FYE 2020 to FYE 2021	
	(FYE 2019)	(FYE 2020)	\$	%	FYE 2021	\$	%
			Change	Change		Change	Change
<b>Assets</b>							
Current Assets	\$ 21,703,841	\$ 22,412,049	\$ 708,208	3.26%	\$ 22,185,188	\$ (226,861)	-1.01%
Restricted Assets	2,334,664	2,273,045	(61,619)	-2.64%	2,273,045	-	0.00%
Capital Assets, Net	94,473,600	91,437,536	(3,036,064)	-3.21%	90,048,564	(1,388,972)	-1.52%
Total Assets	118,512,105	116,122,630	(2,389,475)	-2.02%	114,506,797	(1,615,833)	-1.39%
<b>Deferred Outflows of Resources</b>							
Deferred OPEB Outflow	3,337,168	3,634,674	297,506	8.91%	5,469,108	1,834,434	50.47%
Total Deferred Outflows of Resources	3,337,168	3,634,674	297,506	8.91%	5,469,108	1,834,434	50.47%
Total Assets & Deferred Outflows	121,849,273	119,757,304	(2,091,969)	-1.72%	119,975,905	218,601	0.18%
<b>Liabilities</b>							
Current Liabilities	5,058,237	5,141,973	83,736	1.63%	5,938,406	796,433	15.49%
Non-current Liabilities	52,237,988	51,876,051	(361,937)	-0.70%	52,039,964	163,913	0.32%
Total Liabilities	57,296,225	57,018,024	(278,201)	-0.49%	57,978,370	960,346	1.66%
<b>Deferred Inflows of Resources</b>							
Deferred Amounts from OPEB	-	-	-	n/a	1,143,911	1,143,911	n/a
Total Deferred InFlows of Resources	-	-	-	n/a	1,143,911	1,143,911	n/a
<b>Net Position</b>							
Net Investment in Capital Assets	56,355,138	55,476,580	(878,558)	-1.58%	56,108,404	631,824	1.14%
Restricted	2,334,664	2,273,045	(61,619)	-2.71%	2,273,045	-	0.00%
Unrestricted	5,863,246	4,989,655	(873,591)	-17.51%	2,472,175	(2,517,480)	-50.45%
Total Net Position	64,553,048	62,739,280	(1,813,768)	-2.89%	60,853,624	(1,885,656)	-3.01%
Total Liabilities, Deferred Inflows, and Net Position	\$ 121,849,273	\$ 119,757,304	\$ (2,091,969)	-1.75%	\$ 119,975,905	\$ 218,601	0.18%

The largest portion of the District's net position (92% as of June 30, 2021) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that remains 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 FYE 2021, Restricted Net Position remained stable at \$2,273,045 and comprised 3.7% of Net Position. Restricted Net Position is legally obligated for debt service or capital projects.

At the end of FYE 2020 and FYE 2021, the District's Unrestricted Net Position equaled \$4,989,655 and \$2,472,175, respectively, a decrease of \$2,517,480 (-50.45%) during FYE 2021. This portion of Net Position is available to fund current operations in future years. The decrease in Unrestricted Net Position was caused by a combination of the significant OPEB Charges incurred in FYE 2021, reductions in long

**El Toro Water District**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021**

term liabilities as a portion of the Unrestricted Net Position was utilized to reduce outstanding principal in FYE 2021, and an increase in the Net Position Invested in Capital Assets as the District incurred significant capital expenses in FYE 2021.

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

The Statement of Revenues, Expenses and Changes in Net Position depicts how the District's net position changed during the fiscal year. Net Position decreased \$1,885,656 in FYE 2021, from \$62,739,280 at the beginning of the year to \$60,853,624 at the end of the year.

Condensed Statement of Revenues, Expenses, and Changes in Net Position								
	FYE 2019	FYE 2020	\$ Change	% Change	FYE 2021	\$ Change	% Change	
Revenues								
Operating Revenues	\$ 24,663,457	\$ 25,197,330	\$ 533,873	2.16%	\$ 26,709,979	\$ 1,512,649	6.00%	
Non-operating Revenues	2,627,873	1,744,549	(883,324)	-33.61%	1,398,283	(346,266)	-19.85%	
Total Revenues	27,291,330	26,941,879	(349,451)	-1.28%	28,108,262	1,166,383	4.33%	
Expenses								
Operating Expenses	21,549,152	22,155,520	606,368	2.81%	23,283,264	1,127,744	5.09%	
Depreciation & Amortization	4,466,431	4,483,607	17,176	0.38%	4,345,557	(138,050)	-3.08%	
OPEB Charge	913,252	1,341,903	428,651	46.94%	1,615,466	273,563	20.39%	
Non-operating Expenses	753,794	777,511	23,717	3.15%	758,339	(19,172)	-2.47%	
Total Expenses	27,682,629	28,758,541	1,075,912	3.89%	30,002,626	1,244,085	4.33%	
Net Loss prior to Capital Contributions	(391,299)	(1,816,662)	(1,425,363)	-364.26%	(1,894,364)	(77,702)	4.28%	
Capital Contributions	1,985,903	2,894	(1,983,009)	-99.85%	8,708	5,814	200.90%	
Change in Net Position	1,594,604	(1,813,768)	(3,408,372)	-213.74%	(1,885,656)	(71,888)	3.96%	
Net Position								
Beginning of year	62,958,444	64,553,048	1,594,604	2.53%	62,739,280	(1,813,768)	-2.81%	
End of Year	\$ 64,553,048	\$ 62,739,280	(1,813,768)	-2.81%	\$ 60,853,624	(1,885,656)	-3.01%	

**El Toro Water District**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021**

As depicted in the chart below, total revenues for FYE 2021 increased \$1,166,383 (4.33%) when compared to revenues received in FYE 2020. The increase in revenues was the result of increases in Operating Revenues offset to some extent by a decrease in Non-operating Revenues. The primary causes of the increase in Operating Revenues were increases in Water Consumption Sales and Wastewater Service Charges. Both of these increases resulted from the increased sale of water as demand for water reverted to the average of years prior to FYE 2019 (water demand in FYE 2019 was below the long term average). As shown in the chart on the next page, the primary cause of the decrease in Non-operating Revenues in FYE 2021 was a significant decrease in Investment Income which was caused by the difficult investment environment for fixed income investments during FYE 2021.

Total Revenues by Major Category								
	FYE 2019	FYE 2020	Increase/(Decrease)		FYE 2021	Increase/(Decrease)		
			\$	%		\$	%	
			Change	Change		Change	Change	
Operating Revenues								
Water Consumption Sales	\$ 8,474,791	\$ 8,705,986	\$ 231,195	2.73%	\$ 9,571,562	\$ 865,576	9.94%	
Water Service Charges	4,623,068	4,977,611	354,543	7.67%	5,070,326	92,715	1.86%	
Wastewater Service Charges	10,955,238	11,044,342	89,104	0.81%	11,496,657	452,315	4.10%	
Reimbursements from Others	383,810	328,310	(55,500)	-14.46%	401,225	72,915	22.21%	
Other Charges for Services	226,303	141,018	(85,285)	-37.69%	170,209	29,191	20.70%	
Total Operating Revenues	24,663,210	25,197,267	534,057	2.17%	26,709,979	1,512,712	6.00%	
Non-operating Revenues								
Property Taxes	1,012,576	1,037,335	24,759	2.45%	1,097,589	60,254	5.81%	
Rental Revenue	204,160	242,187	38,027	18.63%	236,357	(5,830)	-2.41%	
Investment Income	500,786	424,110	(76,676)	-15.31%	21,511	(402,599)	-94.93%	
Other Non-operating revenue	910,351	40,917	(869,434)	-95.51%	42,826	1,909	4.67%	
	2,627,873	1,744,549	(883,324)	-33.61%	1,398,283	(346,266)	-19.85%	
Total Revenue	\$ 27,291,083	\$ 26,941,816	\$ (349,267)	-1.28%	\$ 28,108,262	1,166,446	4.33%	

**El Toro Water District**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021**

In FYE 2021, Operating Expenses before OPEB Charges and Depreciation & Amortization increased 5.24%, from \$22,123,113 in FYE 2020 to \$23,283,264 in FYE 2021. The increase was caused by increases in Source of Supply, Pumping Operations, Treatment Operations, and Transmission & Distribution. These increases were offset to some extent by decreases in Customer Service and General & Administrative. OPEB Charges increased significantly (20.39%) but were somewhat offset by a decrease in Depreciation & Amortization expenses (-3%). Interest Expense decreased \$19,172 in accordance with the long term debt amortization schedules.

	Expenses							
			Increase/(Decrease)				Increase/(Decrease)	
			\$	%			\$	%
	FYE 2019	FYE 2020	Change	Change	FYE 2021	Change	Change	
Operating Expenses								
Source of Supply	\$ 7,650,468	\$ 8,085,299	\$ 434,831	5.68%	\$ 8,763,806	\$ 678,507	8.39%	
Pumping Operations	1,480,556	1,371,076	(109,480)	-7.39%	1,417,215	46,139	3.37%	
Treatment Operations	3,744,102	3,755,181	11,079	0.30%	3,951,679	196,498	5.23%	
Transmission & Distribution	4,561,123	5,144,436	583,313	12.79%	5,458,122	313,686	6.10%	
Customer Service	720,714	602,925	(117,789)	-16.34%	533,039	(69,886)	-11.59%	
General & Administrative	3,392,189	3,164,196	(227,993)	-6.72%	3,159,403	(4,793)	-0.15%	
Sub-total Operating Expenses	21,549,152	22,123,113	573,961	2.66%	23,283,264	1,160,151	5.24%	
OPEB Charges	913,252	1,341,903	428,651	46.94%	1,615,466	273,563	20.39%	
Depreciation & Amortization	4,466,431	4,483,607	17,176	0.38%	4,345,557	(138,050)	-3.08%	
Total Operating Expenses	26,928,835	27,948,623	1,019,788	3.79%	29,244,287	1,295,664	4.64%	
Non-operating Expenses								
Interest Expense	753,794	777,511	23,717	3.15%	758,339	(19,172)	-2.47%	
	753,794	777,511	23,717	3.15%	758,339	(19,172)	-2.47%	
Total Expenses	\$ 27,682,629	\$ 28,726,134	\$ 1,043,505	3.77%	\$ 30,002,626	\$ 1,276,492	4.44%	

**El Toro Water District**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021**

## Capital Assets

Capital asset balances were as follows:

Capital Assets							
			Increase/(Decrease)			Increase/(Decrease)	
	FYE 2019	FYE 2020	\$	%	FYE 2021	\$	%
			Change	Change		Change	Change
Capital Assets							
Non-depreciable Assets	\$ 14,290,118	\$ 8,244,889	\$ (6,045,229)	-42.30%	\$ 10,515,919	\$ 2,271,030	27.54%
Depreciable Assets	155,531,931	163,024,703	7,492,772	4.82%	163,476,816	452,113	0.28%
Accumulated Depreciation	(75,348,449)	(79,832,056)	(4,483,607)	5.95%	(83,944,171)	(4,112,115)	5.15%
Total Capital Assets, Net	94,473,600	91,437,536	(3,036,064)	-3.21%	90,048,564	(1,388,972)	-1.52%
Net Liabilities for Capital Assets							
Loans Payable - Current	(2,173,133)	(2,203,943)	(30,810)	1.42%	(2,249,058)	(45,115)	2.05%
Loans Payable Non-Current	(35,945,329)	(33,747,566)	2,197,763	-6.11%	(31,504,688)	2,242,878	-6.65%
Retention	-	-	-	n/a	(101,805)	(101,805)	n/a
Accounts Payable for Construction	-	-	-	n/a	(84,609)	(84,609)	n/a
Total Net Liabilities	(38,118,462)	(35,951,509)	2,166,953	-5.68%	(33,940,160)	2,011,349	-5.59%
Net Investments in Capital Assets	\$ 56,355,138	\$ 55,486,027	\$ (869,111)	-1.54%	\$ 56,108,404	\$ 622,377	1.12%

At the end of fiscal years 2020 and 2021, the District's investment in capital assets amounted to \$55,486,027 and \$56,108,359 (net of accumulated depreciation), respectively. This investment in capital assets includes land, transmission and distribution systems, buildings, equipment, vehicles and construction-in-process (See Note 3 for further information). The increase in FYE 2021 was primarily caused by an increase in Non-depreciable assets as a significant amount was added to Construction in Progress in FYE 2021. During FYE 2021, the District was engaged in a significant infrastructure improvement project, the reconstruction of the Oso Lift Station, but the project was not quite complete at the end of the fiscal year. It was therefore included in Construction in Progress at the end of FYE 2021, it is anticipated this project will be complete in FYE 2022 and will be moved to Depreciable Assets at the end of that fiscal year.

## Debt Administration

Long-term debt balances were as follows:

Summary of Outstanding Debt							
			Increase/(Decrease)			Increase/(Decrease)	
	FYE 2019	FYE 2020	\$	%	FYE 2021	\$	%
			Change	Change		Change	Change
Loans Payable							
Main Extension Contract	\$ 6,180	\$ 6,180	\$ -	0.00%	\$ 6,180	\$ -	0.00%
SRF Loan - 2010	2,798,794	2,616,216	(182,578)	-6.52%	2,428,708	(187,508)	-7.17%
SRF Loan - 2013	22,290,739	21,066,724	(1,224,015)	-5.49%	19,821,900	(1,244,824)	-5.91%
Baker Water Treatment Plant	8,936,967	8,529,750	(407,217)	-4.56%	8,109,910	(419,840)	-4.92%
SRF Loan - 2018	4,085,782	3,732,639	(353,143)	-8.64%	3,387,048	(345,591)	-9.26%
Total Expenses	\$ 38,118,462	\$ 35,951,509	\$ (2,166,953)	-6.03%	\$ 33,753,746	\$ (2,197,763)	-6.51%

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

**El Toro Water District**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021**

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**Conditions Affecting Current Financial Position**

Management is unaware of any conditions which could have a significant impact on the District'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.



**EL TORO WATER DISTRICT**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2021**  
**(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)**

	2021	2020
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 9,044,411	\$ 15,069,523
Investments	8,632,207	3,762,975
Receivables, Net:		
Water Sales and Sewer Services	3,542,589	2,603,631
Miscellaneous	63,487	43,807
Interest	14,611	46,909
Taxes	13,190	12,576
Other	23,551	17,880
Materials and Supply Inventory	714,750	698,778
Prepaid Expenses	136,392	155,970
Restricted - Cash and Cash Equivalents	2,273,045	2,273,045
Total Current Assets	<u>24,458,233</u>	<u>24,685,094</u>
Noncurrent Assets:		
Capital Assets		
Nondepreciable	10,515,919	8,244,889
Depreciable, Net of Accumulated Depreciation	79,532,645	83,192,647
Total Noncurrent Assets	<u>90,048,564</u>	<u>91,437,536</u>
Total Assets	<u>114,506,797</u>	<u>116,122,630</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
OPEB-Related Deferred Outflows of Resources	5,469,108	3,634,674
Total Deferred Outflows of Resources	<u>5,469,108</u>	<u>3,634,674</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	2,834,557	2,115,283
Accrued Salaries and Related Payables	355,292	301,818
Customer Deposits	44,313	52,753
Accrued Interest Payable	272,010	270,321
Long-Term Liabilities - Due Within One Year		
Compensated Absences	183,176	197,855
Loans Payable	2,249,058	2,203,943
Total Current Liabilities	<u>5,938,406</u>	<u>5,141,973</u>
Noncurrent Liabilities:		
Long-Term Liabilities - Due in More than One Year:		
Compensated Absences	1,385,408	1,284,606
Total Other Post-Employment Benefits Liability	19,149,868	16,843,879
Loans Payable	31,504,688	33,747,566
Total Noncurrent Liabilities	<u>52,039,964</u>	<u>51,876,051</u>
Total Liabilities	<u>57,978,370</u>	<u>57,018,024</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Amounts from OPEB	1,143,911	-
Total Deferred Inflows of Resources	<u>1,143,911</u>	<u>-</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	56,108,404	55,476,580
Restricted - Capital Projects	2,895	2,895
Restricted - Debt Service	2,270,150	2,270,150
Unrestricted	2,472,175	4,989,655
Total Net Position	<u>\$ 60,853,624</u>	<u>\$ 62,739,280</u>

See accompanying Notes to Basic Financial Statements.

**EL TORO WATER DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2021**  
**(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)**

	2021	2020
<b>OPERATING REVENUES</b>		
Water Consumption Sales	\$ 9,571,562	\$ 8,705,986
Water Service Charges	5,070,326	4,977,611
Sewer Service Charges	11,496,657	11,044,342
Reimbursements from Others	401,225	328,310
Other Charges for Service	170,209	141,081
Total Operating Revenues	<u>26,709,979</u>	<u>25,197,330</u>
<b>OPERATING EXPENSES</b>		
Source of Supply	8,763,806	8,085,299
Pumping	1,417,215	1,359,915
Treatment	3,951,679	3,763,671
Transmission and Distribution	5,458,122	5,178,966
Customer Service	533,039	603,473
General and Administrative	4,774,869	4,506,099
Depreciation and Amortization	4,345,557	4,483,607
Total Operating Expenses	<u>29,244,287</u>	<u>27,981,030</u>
<b>OPERATING LOSS</b>	(2,534,308)	(2,783,700)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Property Taxes	1,097,589	1,037,335
Rental Revenue	236,357	242,187
Investment Earnings	21,511	424,110
Interest Expense	(758,339)	(777,511)
Other Nonoperating Revenue	42,826	40,917
Total Nonoperating Revenues (Expenses)	<u>639,944</u>	<u>967,038</u>
<b>NET LOSS BEFORE CAPITAL CONTRIBUTIONS</b>	(1,894,364)	(1,816,662)
<b>CAPITAL CONTRIBUTIONS</b>	<u>8,708</u>	<u>2,894</u>
<b>CHANGES IN NET POSITION</b>	(1,885,656)	(1,813,768)
Net Position - Beginning of Year	<u>62,739,280</u>	<u>64,553,048</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 60,853,624</u></u>	<u><u>\$ 62,739,280</u></u>

See accompanying Notes to Basic Financial Statements.

**EL TORO WATER DISTRICT  
STATEMENTS OF CASH FLOWS  
YEAR ENDED JUNE 30, 2021  
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers for Water Sales and Services	\$ 25,827,754	\$ 25,664,143
Payments to Suppliers for Operations	(19,428,999)	(18,894,425)
Payments to Employees for Salaries and Wages	(3,019,806)	(3,075,111)
Net Cash Provided by Operating Activities	<u>3,378,949</u>	<u>3,694,607</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from Property Taxes	1,096,975	1,034,056
Other Revenue (Expense)	(19,680)	102,350
Net Cash Provided by Noncapital and Related Financing Activities	<u>1,077,295</u>	<u>1,136,406</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of Capital Assets, Net	(2,956,585)	(1,447,543)
Repayment of Long-Term Debt	(2,197,763)	(2,166,953)
Interest Payments	(756,650)	(787,458)
Capital Contributions	8,708	2,894
Net Cash Used by Capital and Related Financing Activities	<u>(5,902,290)</u>	<u>(4,399,060)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales of Investments	3,924,497	7,748,552
Purchases of Investments	(8,793,729)	(3,897,896)
Proceeds from Investment Earnings	53,809	466,922
Proceeds from Rental Income	236,357	242,187
Net Cash Provided (Used) by Investing Activities	<u>(4,579,066)</u>	<u>4,559,765</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(6,025,112)	4,991,718
Cash and Cash Equivalents - Beginning of Year	<u>17,342,568</u>	<u>12,350,850</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 11,317,456</u>	<u>\$ 17,342,568</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents	\$ 9,044,411	\$ 15,069,523
Restricted - Cash and Cash Equivalents	2,273,045	2,273,045
Total Cash and Investments	<u>\$ 11,317,456</u>	<u>\$ 17,342,568</u>

See accompanying Notes to Basic Financial Statements.

**EL TORO WATER DISTRICT  
STATEMENTS OF CASH FLOWS (CONTINUED)  
YEAR ENDED JUNE 30, 2021  
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)**

	<u>2021</u>	<u>2020</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Loss	\$ (2,534,308)	\$ (2,783,700)
Adjustment to Reconcile Operating Loss to Net		
Cash Provided by Operating Activities:		
Depreciation	4,345,557	4,483,607
Other Nonoperating Revenue	42,826	40,917
(Increase) Decrease in Assets:		
Accounts Receivable - Sales and Services	(938,958)	489,169
Accounts Receivable - Other	(5,671)	(10,271)
Inventories	(15,972)	(73,306)
Prepaid Expenses	19,578	(53,002)
Deferred Outflow - OPEB	(1,834,434)	(297,506)
Increase (Decrease) in Liabilities:		
Accounts Payable	719,274	139,586
Accrued Payroll Liabilities	53,474	55,020
Deposits	(8,440)	(1,788)
Compensated Absences	86,123	66,472
Total OPEB Liability	2,305,989	1,639,409
Deferred Inflow - OPEB	1,143,911	-
Total Adjustments	<u>5,913,257</u>	<u>6,478,307</u>
Net Cash Provided by Operating Activities	<u>\$ 3,378,949</u>	<u>\$ 3,694,607</u>

See accompanying Notes to Basic Financial Statements.

**EL TORO WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization and Operations of the Reporting Entity**

El Toro Water District (the District) was organized in September 1960, under provisions of the California 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 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 accounting principles generally accepted in the United States of America (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, 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 has operational responsibility for the activities of the component unit.

The El Toro Water District Public Facilities Corporation (the 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.

**B. Basic Financial Statements**

The basic financial statements are composed of the statements of net position, the statements of revenues, expenses, and changes in net position, the statements of cash flows, and the notes to the basic financial statements.

**C. Basis of Presentation**

The accounts of the District are that of an enterprise fund. An enterprise fund is a proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**EL TORO WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with these activities are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**E. Cash and Cash Equivalents**

Substantially all 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 and cash equivalents.

**F. Investments and Investment Policy**

The District has adopted an investment policy directing the District's General Manager or Controller to invest, reinvest, sell, or exchange securities.

Investments are stated at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

**G. 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.

**H. Accounts Receivable**

The District extends credit to customers in the normal course of operations. Management deems all accounts receivable as collectible at year-end. Management evaluates all accounts receivable and if it is determined that they are uncollectible, they are written off as bad debt expense. A charge of \$18,672 was made to bad debt expense for the year ended June 30, 2021.

**EL TORO WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Prepaid Items**

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

**J. Materials and Supplies Inventory**

Materials and supplies inventory consist of expendable supplies and are valued at cost using first-in, first-out basis.

**K. 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 office 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 1% of countywide assessed valuations. Property taxes receivable at year-end are related to property taxes collected by the County of Orange that 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	First Installment – November 10 Second Installment – February 10
Collection Dates	First Installment – December 11 Second Installment – April 11

**EL TORO WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**L. 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 value 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:

Building	25 – 40 Years
Vehicles	5 – 25 Years
Office Furniture and Equipment	5 – 10 Years
Computer Software	5 – 10 Years
Land Improvements	12 – 50 Years
Water Facilities:	
Reservoir	100 Years
Transmission and Distribution	20 – 60 Years
Filtration Plant	30 – 40 Years
Other Plant and Equipment	5 – 15 Years
Sanitation Facilities:	
Collection and Transmission	15 – 50 Years
Treatment and Disposal Plant	15 – 30 Years
Other Plant and Equipment	5 – 15 years

**M. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. The District has the following items that qualify for reporting in this category:

- Deferred outflows related to other post-employment benefit (OPEB) for an amount equal to employer contributions made after the measurement date of the total OPEB liability.
- Deferred outflows related to OPEB for differences between expected and actual experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the plan.



**EL TORO WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Deferred Outflows/Inflows of Resources (Continued)**

- Deferred outflows related to OPEB for changes of assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with benefits through the plan.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

- Deferred inflows related to OPEB for differences between expected and actual experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the plan.

**N. Compensated Absences**

The District's policy is to permit employees hired prior to July 1, 1997, to accumulate earned vacation for up to a total of 160 hours and employees hired after July 1, 1997, to accumulate earned vacation for up to a total of 240 hours. The District requires employees to take a minimum of 50% of the total hours accrued of vacation each calendar year. If the employee is still not able to reduce the total accrued vacation hours below the maximum, then the amounts exceeding the limit are paid out as part of the employee's current regular compensation at the calendar year end.

The District's sick leave policy is to permit employees to accumulate sick leave for 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, using a factor of 5% times the number of complete years and capped at 100%. All hours over the maximum will be paid out at 50% to those hired after July 1, 1997, at the employee's current regular compensation rate.

**O. Net Position**

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

**Net Investment in Capital Assets** – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

**EL TORO WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**O. Net Position (Continued)**

**Restricted Net Position** – 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 Net Position** – This amount is all net position that does not meet the definition of net investment in capital assets or restricted net position.

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

**P. Water Sales and Sewer Services**

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

**Q. 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.

**R. Prior Year Data and Reclassifications**

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's prior-year financial statements from which this selected financial data was derived. Certain amounts in the June 30, 2020 balances have been reclassified for comparative purposes to conform to the presentation of the June 30, 2021 financial statements. There was no change in reported net income or net position related to these reclassifications.

**S. 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. The assumptions 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.

**EL TORO WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 CASH AND INVESTMENTS**

**Cash and Investments**

At June 30, 2021, cash and investments were classified in the accompanying financial statements as follows:

Cash and Cash Equivalents	\$ 9,044,411
Investments	8,632,207
Restricted - Cash and Cash Equivalents	2,273,045
Total	<u>\$ 19,949,663</u>

At June 30, 2021, cash and investments consisted of the following:

Cash on Hand	\$ 700
Demand Deposits Held with Financial Institutions	3,117,467
Investments	16,831,496
Total	<u>\$ 19,949,663</u>

**Investments Authorized by the California Government Code and the District's Investment Policy**

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, 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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
State or Local Agency Bonds	5 Years	10%	None
U.S. Treasury Obligations	5 Years	None	None
Government-Sponsored Agency Securities	5 Years	None	None
Corporate Medium-Term Notes	5 Years	30%	None
Commercial Paper	270 days	25%	10%
Bankers Acceptance	180 days	15%	None
Negotiable Certificates of Deposit	5 Years	30%	None
Mortgage Pass-Through Securities	5 Years	20%	None
Money Market Mutual Funds	5 Years	10%	None
Collateralized Bank Deposits	N/A	20%	None
California Local Agency Investment Fund (LAIF)	N/A	30 million	None
California Asset Management Program (CAMP)	N/A	60%	None
Supranationals	5 Years	30%	None
Placement Service Deposit	5 Years	30%	None

N/A - Not applicable

**EL TORO WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Disclosures Relating to 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 California Government 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.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following tables that show the distribution of the District's investments by maturity as of June 30, 2021.

Investment Type	Remaining Maturity (in Months)			
	12 Months or Less	13 to 24 Months	25 to 60 Months	Total
U.S. Treasury Obligations	\$ 508,125	\$ 3,666,242	\$ 1,584,141	\$ 5,758,508
Government-Sponsored Entities Securities	1,252	229,724	482,016	712,992
Supranationals	-	134,672	-	134,672
Municipal Bonds	-	-	19,959	19,959
Corporate Medium-Term Notes	-	-	1,067,103	1,067,103
Commercial Paper	384,880	-	-	384,880
Negotiable Certificates of Deposit	190,092	-	-	190,092
Asset-Backed Securities	-	10,498	353,503	364,001
LAIF	7,278,185	-	-	7,278,185
CAMP - Money Market	921,104	-	-	921,104
Total	<u>\$ 9,283,638</u>	<u>\$ 4,041,136</u>	<u>\$ 3,506,722</u>	<u>\$ 16,831,496</u>

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the following table are the minimum ratings required by (where applicable) the California Government Code, the District's investment policy, or debt agreements and the actual Moody's credit rating as of June 30, 2021, for each investment type.

Investment Type	Minimum Legal Rating	Total as of June 30, 2021	Not Rated	Aaa	Aa	A	P1
U.S. Treasury Obligations	N/A	\$ 5,758,508	\$ -	\$ 5,758,508	\$ -	\$ -	\$ -
Government-Sponsored Entities Securities	AA	712,992	-	712,992	-	-	-
Supranationals	AA	134,672	-	134,672	-	-	-
Municipal Bonds	A	19,959	-	-	-	19,959	-
Corporate Medium-Term Notes	A	1,067,103	-	-	42,765	1,024,338	-
Commercial Paper		384,880					384,880
Negotiable Certificates of Deposit	AA	190,092	-	-	-	-	190,092
Asset-Backed Securities	AA	364,001	105,001	259,000	-	-	-
LAIF	N/A	7,278,185	7,278,185	-	-	-	-
CAMP - Money Market	N/A	921,104	921,104	-	-	-	-
Total		<u>\$ 16,831,496</u>	<u>\$ 8,304,290</u>	<u>\$ 6,865,172</u>	<u>\$ 42,765</u>	<u>\$ 1,044,297</u>	<u>\$ 574,972</u>

**EL TORO WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Concentration of Credit Risk**

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code with the exception of banker's acceptances, commercial paper, and money market funds, which are limited to an investment in any one issuer of 5%, 5%, and 10%, respectively.

**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. 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 the Local Agency Investment Fund (LAIF)).

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2021, all of the District's deposits with financial institutions were covered by federal depository insurance limits or were held in collateralized accounts.

**Investment in State Investment Pool**

The District is a voluntary participant in LAIF that is regulated by California Government Code Section 16429 under the oversight of the California State Treasurer. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District'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).

**EL TORO WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Investment in California Asset Management Program**

The California Asset Management Program (CAMP) is a public joint powers authority that 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. CAMP currently offers the cash reserve portfolio, a short-term investment portfolio, as a means for public agencies to invest these funds. Public agencies 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 an investment advisor.

**Fair Value Measurements**

The District categorizes its fair value measurement within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs.

<b>June 30, 2021</b>	<b>Quoted Prices Level 1</b>	<b>Observable Inputs Level 2</b>	<b>Unobservable Inputs Level 3</b>	<b>Total</b>
U.S. Treasury Obligations	\$ -	\$ 5,758,508	\$ -	\$ 5,758,508
Government-Sponsored Entities				
Securities	-	712,992	-	712,992
Supranationals	-	134,672	-	134,672
Municipal Bonds	-	19,959	-	19,959
Corporate Medium-Term Notes	-	1,067,103	-	1,067,103
Commercial Paper	-	384,880	-	384,880
Negotiable Certificates of Deposit	-	190,092	-	190,092
Asset-Backed Securities	-	364,001	-	364,001
Total Leveled Investments	<u>\$ -</u>	<u>\$ 8,632,207</u>	<u>\$ -</u>	<u>8,632,207</u>
LAIF*				7,278,185
CAMP - Money Market*				921,104
Total Investments				<u>\$ 16,831,496</u>

\* Not subject to fair value measurement hierarchy.

**EL TORO WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 3 CAPITAL ASSETS**

Major capital asset 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.

A summary of changes in capital assets for the year ended June 30, 2021, is as follows:

	Balance at June 30, 2020	Additions	Deletions	Balance at June 30, 2021
Capital Assets, not Depreciated:				
Land, Mineral, and Water Rights	\$ 7,451,586	\$ -	\$ -	\$ 7,451,586
Construction in Progress	793,303	2,964,999	(693,969)	3,064,333
Total Capital Assets, not Depreciated	8,244,889	2,964,999	(693,969)	10,515,919
Capital Assets, Being Depreciated:				
Capacity Rights	342,382	-	-	342,382
Source of Supply	19,985,656	9,019	-	19,994,675
Pumping	22,212,785	99,764	(80,426)	22,232,123
Treatment	40,565,475	100,749	-	40,666,224
Transmission and Collection	65,370,618	107,488	-	65,478,106
General Plant Facilities	14,547,787	368,535	(153,016)	14,763,306
Total Capital Assets, Being Depreciated	163,024,703	685,555	(233,442)	163,476,816
Less Accumulated Depreciation for:				
Capacity Rights	(246,541)	(6,846)	-	(253,387)
Source of Supply	(11,533,292)	(386,069)	-	(11,919,361)
Pumping	(13,322,797)	(908,837)	80,426	(14,151,208)
Treatment	(28,561,090)	(1,231,914)	-	(29,793,004)
Transmission and Collection	(14,070,400)	(1,315,438)	-	(15,385,838)
General Plant Facilities	(12,097,936)	(496,453)	153,016	(12,441,373)
Total Accumulated Depreciation	(79,832,056)	(4,345,557)	233,442	(83,944,171)
Total Capital Assets, Being Depreciated, Net	83,192,647	(3,660,002)	-	79,532,645
Total Capital Assets, Net	\$ 91,437,536	\$ (695,003)	\$ (693,969)	\$ 90,048,564

**Construction in Progress**

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 progress was \$3,064,333 as of June 30, 2021.

Construction in progress consisted of the following projects as of June 30, 2021:

Project Description	2021
Oso Lift Station Improvement	\$ 2,176,595
Recycled Water Distribution System Expansion	344,315
Filter Plant Site Use Plan	127,246
Various Other Minor Projects <\$100,000	416,177
Total Construction in Progress	\$ 3,064,333

**EL TORO WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 4 COMPENSATED ABSENCES**

A summary of changes to compensated absences for the year ended June 30, 2021, is as follows:

Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Current Portion	Noncurrent Portion
\$ 1,482,461	\$ 580,276	\$ (494,153)	\$ 1,568,584	\$ 183,176	\$ 1,385,408

**NOTE 5 LONG-TERM DEBT**

The following is a summary of long-term liabilities at June 30, 2021:

	July 1, 2020	Additions	Deletions	June 30, 2021	One Year	Than One Year
Direct Borrowings:						
Loans Payable:						
Main Extension Contract	\$ 6,180	\$ -	\$ -	\$ 6,180	\$ 6,180	\$ -
SRF Loan - 2010	2,616,216	-	(187,508)	2,428,708	192,571	2,236,137
SRF Loan - 2013	21,066,724	-	(1,244,824)	19,821,900	1,265,986	18,555,914
Baker Water Treatment Plant - Refinance Loan	8,529,750	-	(419,840)	8,109,910	432,855	7,677,055
SRF Loan - 2018	3,732,639	-	(345,591)	3,387,048	351,466	3,035,582
Total Loans Payable	<u>\$ 35,951,509</u>	<u>\$ -</u>	<u>\$ (2,197,763)</u>	<u>\$ 33,753,746</u>	<u>\$ 2,249,058</u>	<u>\$ 31,504,688</u>

**Main Extension Contracts**

Main extension contracts are payable to 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, 2021 was \$6,180.

**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:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 192,571	\$ 65,575	\$ 258,146
2023	197,770	60,376	258,146
2024	203,110	55,036	258,146
2025	208,594	49,552	258,146
2026	214,226	43,920	258,146
2027 - 2032	1,412,437	136,436	1,548,873
Total	<u>\$ 2,428,708</u>	<u>\$ 410,895</u>	<u>\$ 2,839,603</u>



**EL TORO WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 5 LONG-TERM DEBT (CONTINUED)**

**State Revolving Fund Loan 2013 – Recycled Water Treatment Plan Project**

In February 2013, the District entered into an agreement with the California SWRCB for an 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:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,265,986	\$ 336,972	\$ 1,602,958
2023	1,287,507	315,451	1,602,958
2024	1,309,395	293,563	1,602,958
2025	1,331,655	271,303	1,602,958
2026	1,354,293	248,665	1,602,958
2027 - 2031	7,124,738	890,052	8,014,790
2032 - 2035	6,148,326	265,116	6,413,442
Total	<u>\$ 19,821,900</u>	<u>\$ 2,621,122</u>	<u>\$ 22,443,022</u>

**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 amount of \$12,500,000.

In 2017, the District refinanced IRWD's installment sale agreement with a loan from a financial institution 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:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 432,855	\$ 251,407	\$ 684,262
2023	446,274	237,989	684,263
2024	460,108	224,154	684,262
2025	474,372	209,891	684,263
2026	489,077	195,185	684,262
2027 - 2031	2,682,429	738,884	3,421,313
2032 - 2036	3,124,795	296,518	3,421,313
Total	<u>\$ 8,109,910</u>	<u>\$ 2,154,028</u>	<u>\$ 10,263,938</u>

**EL TORO WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 5 LONG-TERM DEBT (CONTINUED)**

**State Revolving Fund Loan 2018 – Phase II Recycled Water Distribution System Expansion Project**

In December 2018, the District entered into an agreement with the California SWRCB for an SRF Loan in an amount of \$4,085,782 with an interest rate of 1.70% per annum for the Phase II Recycled Water Distribution System Expansion project. The loan is scheduled to mature in 2030. Principal and interest are payable annually at the interest rate of 1.70%.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 351,466	\$ 57,580	\$ 409,046
2023	357,441	51,605	409,046
2024	363,518	45,528	409,046
2025	369,698	39,349	409,047
2026	375,982	33,064	409,046
2027 - 2030	1,568,943	67,242	1,636,185
Total	<u>\$ 3,387,048</u>	<u>\$ 294,368</u>	<u>\$ 3,681,416</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 a qualified defined contribution pension plan under Section 401(k) of the Internal Revenue Code (IRC). 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.

Additionally, the District offers a 457 deferred compensation plan. In accordance with GASB Statement No. 32, *Accounting and Financial Reporting/or Internal Revenue Code Section 457 Deferred Compensation Plans*, the District has little administrative involvement and does not perform the investing function for the Plan, and the assets and related liabilities are not presented in the accompanying financial statements in accordance with GASB Statement No. 32.

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 total contributions to either 401(k) or 457 plans, but no more than 10% of their annual compensation. However, the District's contributions can be deposited to 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 an 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 their employer contributions. District contributions to the 401(k) plan were \$972,682 as of June 30, 2021.

**EL TORO WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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 a single employer plan.

**Benefits**

The District offers post-employment 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 ACWA/JPIA Health Program. The contribution requirements of eligible retired employees and the District are established and may be amended by the Board of Directors.

**Employees Covered**

At the June 30, 2020, measurement date, the following current and former employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	22
Active Employees	59
Total	<u>81</u>

**Actuarial Assumptions**

The total OPEB liability, measured as of June 30, 2020, was determined using the following actuarial assumptions:

Valuation Date	June 30, 2020.
Measurement Date	June 30, 2020
Actuarial Assumptions:	
Discount Rate	2.21%
Projected Salary Increase	3% per year
Inflation	2.75% per year
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study (2% @ 55 rates for Tiers 1-3, modified rates for Tier 4
Mortality Improvement	Mortality projected fully generational with Scale MP-2020
Medical Trend	
Non-Medicare	7% for 2022, decreasing to 4% in 2076
Medicare (Non-Kaiser)	6.1% for 2022, decreasing to 4% in 2076
Medicare (Kaiser)	5% for 2022, decreasing to 4% in 2076
Healthcare Participation at Retirement	
Actives	95% Tiers 1-3, 90% Tier 4
Retirees	100%
Spouse Healthcare Participation at Retirement	
Spouse Currently Covered	100% Tiers 1-3, 50% Tier 4
Spouse not Currently Covered	0%
Medical Plan Election at Retirement	Same as currently elected

**EL TORO WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 7 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**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) and an implied subsidy determined by an actuary. For the year ended June 30, 2021, the District made payments of \$280,577 for premiums and the implied subsidy was \$30,548, thereby resulting in payments of \$311,125.

**Discount Rate**

The discount rate used to measure the 2020 total OPEB liability was 2.21%. 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, 2020:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.31%)
Total OPEB Liability at June 30, 2020	\$ 22,705,271	\$ 19,149,868	\$ 16,337,176

**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 healthcare 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, 2020:

	1% Decrease	Healthcare Cost Trend Rates (a)	1% Increase
Total OPEB Liability at June 30, 2020	\$ 16,064,425	\$ 19,149,868	\$ 23,103,282

- (a) Non-Medicare - 7% for 2022, decreasing to 4% in 2076  
 Medicare (Non-Kaiser) - 6.1% for 2024, decreasing to 4% in 2076  
 Medicare (Kaiser) - 5% for 2022, decreasing to 4% in 2076

**EL TORO WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 7 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Change in Total OPEB Liability**

A summary of change in total OPEB liability for the measurement date June 30, 2020, is as follows:

Balance at June 30, 2019 (Measurement Date)	\$ 16,843,879
Changes in the Year:	
Service Cost	468,321
Interest on the Total OPEB Liability	600,602
Differences Between Actual and Expected Experience	(1,334,563)
Changes in Assumptions	2,875,924
Benefit Payments	(304,295)
Net Changes	<u>2,305,989</u>
Balance at June 30, 2020 (Measurement Date)	<u><u>\$ 19,149,868</u></u>

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

For the year ended June 30, 2021, OPEB expense in the amount of \$1,926,591 is included in the accompanying statement of revenues, expenses and changes in net position. For the year ended June 30, 2021, the District reported deferred outflows or inflows of resources related to OPEB due to the initial valuation of OPEB under GASB Statement No. 75 as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB Contributions Subsequent to Measurement Date	\$ 311,125	\$ -
Differences Between Actual and Expected Experience	564,234	(1,143,911)
Change in Assumptions	4,593,749	-
Total	<u><u>\$ 5,469,108</u></u>	<u><u>\$ (1,143,911)</u></u>

The \$311,125 reported as deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date during the year ended June 30, 2020, will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2022.

**EL TORO WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 7 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB  
(Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB for measurement period June 30, 2020, are recognized as OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 857,668
2023	857,668
2024	857,668
2025	857,666
2026	350,207
Thereafter	233,195

**Change of Assumptions**

The following assumptions were changed from the June 30, 2018 actuarial valuation to the June 30, 2020 actuarial valuation: (1) mortality improvement scale was updated from Scale MP-2018 to Scale MP-2020, (2) discount rate was updated from 3.50% to 2.21% and (3) healthcare trend changed from 7.50% non-Medicare and 6.50% Medicare to 7.00% non-Medicare and 6.1% Medicare (non-Kaiser) and 5% Medicare (Kaiser).

**NOTE 8 NET POSITION**

Net investment in capital assets at June 30, 2021, consisted of the following:

Capital Assets - Not Being Depreciated	\$ 10,515,919
Capital Assets, Net - Being Depreciated	79,532,645
Loans Payable - Current	(2,249,058)
Loans Payable - Noncurrent	(31,504,688)
Retention	(101,805)
Accounts Payable for Construction Projects	(84,609)
Net Investment in Capital Assets	<u>\$ 56,108,404</u>

**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 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, 2021, the District participated in the liability and property programs of the ACWA/JPIA as follows:

**EL TORO WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 9 RISK MANAGEMENT (CONTINUED)**

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

- General and auto liability and public officials' and employees' errors and omissions: The JPIA pools for the first \$5 million. The JPIA purchases additional excess coverage layers: \$55 million per occurrence for general, auto, and public officials' liability, which increases the limits on the insurance coverage noted above. Additionally, there are lower limits related to terrorism (\$5 million), communicable disease (\$10 million), subsidence (\$35 million), lead (\$35 million), and mold (\$35 million).
- Employee dishonesty coverage of up to \$3,000,000 with a \$1,000 deductible per loss, includes public employee dishonesty, forgery or alteration, and use of computer to transfer covered property coverage.
- Property loss coverage for boiler and machinery is up to \$100,000,000 with a \$25,000 deductible except for turbine or power generation equipment which is \$50,000. Coverage for earthquakes is up to \$2,500,000 in program aggregate, with a deductible of 5% of the total insurable value which is \$50,874,753. Coverage for floods is up to \$25,000,000, with a deductible of \$100,000. Real property has a deductible of \$1,000; the ACWA/JPIA is self-insured for up to \$100,000; excess insurance has been purchased.
- For underground storage tank pollution liability, the District is insured for up to \$3,000,000 with a \$10,000 deductible; the ACWA/JPIA is self-insured for up to \$500,000; excess insurance coverage has been purchased to cover losses up to \$3,000,000.
- Dam failure liability coverage of up to \$9,000,000 million per occurrence; the ACWA/JPIA is self-insured up to \$1,000,000; excess insurance coverage has been purchased.
- Workers' compensation insurance for up to California statutory limits for all work-related injuries/illnesses covered by California law. The ACWA/JPIA is self-insured for up to \$2.0 million; excess insurance coverage has been purchased with a \$4,000,000 aggregate limit.
- Cyber security coverage is \$5,000,000 per occurrence and \$5,000,000 in aggregate with a deductible up to \$50,000 per occurrence based on annual revenues.
- Fiduciary liability coverage of up to \$3,000,000 with a deductible of \$5,000 for claims resulting from a breach in fiduciary duty associated with its retirement pension plan.

Settled claims have not exceeded any of the coverage amounts, and there were no reductions in the District's insurance coverage during the year ended June 30, 2021. 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 were no IBNR claims payable as of June 30, 2021.

**EL TORO WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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. As of June 30, 2021, the District had engineering design and construction commitments of approximately \$556,000.

**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**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS\***

Fiscal Year	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Measurement Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB Liability:				
Service Cost	\$ 468,321	\$ 410,098	\$ 267,270	\$ 260,117
Interest on Total OPEB Liability	600,602	598,626	430,926	409,009
Differences Between Actual and Expected Experience	(1,334,563)	-	987,411	-
Assumption Changes	2,875,924	923,090	2,564,813	-
Benefit Payments	(304,295)	(292,405)	(237,713)	(228,570)
Net Change in Total OPEB Liability	2,305,989	1,639,409	4,012,707	440,556
Total OPEB Liability - Beginning of Year	16,843,879	15,204,470	11,191,763	10,751,207
Total OPEB Liability - End of Year (a)	<u>\$ 19,149,868</u>	<u>\$ 16,843,879</u>	<u>\$ 15,204,470</u>	<u>\$ 11,191,763</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%
Covered - Employee Payroll	\$ 5,980,908	\$ 5,889,881	\$ 5,709,337	\$ 5,696,461
Total OPEB Liability as Percentage of Covered - Employee Payroll	320.18%	285.98%	266.31%	196.47%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From measurement date of June 30, 2019 to June 30, 2020:

Discount rate was updated based on municipal bond rate as of the measurement date from 3.5% to 2.21%

Mortality schedule updated from Scale MP-2018 to Scale MP-2020

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

**STATISTICAL SECTION (UNAUDITED)**

**EL TORO WATER DISTRICT  
INDEX TO STATISTICAL SECTION  
YEARS ENDED JUNE 30, 2021**

	<u>Page Number</u>
<b>FINANCIAL TRENDS:</b>	49
These schedules contain information to help the reader understand how the District's financial performance and well-being have changed over time.	
<b>REVENUE CAPACITY:</b>	51
These schedules contain information to help the reader assess the District's most significant own-source revenue, water sales.	
<b>DEBT CAPACITY:</b>	58
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.	
<b>DEMOGRAPHIC INFORMATION:</b>	60
This schedule offers demographic indicators to help the reader understand the environment within which the District's financial activities take place.	
<b>OPERATING INFORMATION:</b>	63
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.	

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

	Fiscal Year				
	2012	2013	2014	2015	2016
<b>Changes in net position:</b>					
Operating revenues <sup>(see Schedule 2)</sup>	\$ 21,323,356	\$ 22,592,576	\$ 23,188,691	\$ 23,124,200	\$ 22,516,781
Operating expenses <sup>(see Schedule 3)</sup>	(22,010,956)	(22,785,966)	(24,484,521)	(24,469,909)	(23,990,984)
Operating income (loss)	(687,600)	(193,390)	(1,295,830)	(1,345,709)	(1,474,203)
Non-operating revenues (expenses)					
Property Taxes Ad-Valorem	691,377	753,865	774,568	815,554	843,301
Rental revenue	-	-	165,282 (2)	246,196	172,665
Investment earnings	208,446	124,439	51,881	76,804	147,447
Interest expense	(487,724)	(327,684)	(185,655)	(132,375)	(397,680)
Other non-operating revenues	527,254	463,981	56,564	218,824	188,701
Other non-operating expenses	-	(1,571,619) (1)	-	-	-
Total non-operating revenues(expenses), net	939,353	(557,018)	862,640	1,225,003	954,434
Net income before capital contributions	251,753	(750,408)	(433,190)	(120,706)	(519,769)
Capital contributions	124,071	3,092,146	1,648,257	-	577,471
<b>Changes in net position</b>	<b>\$ 375,824</b>	<b>\$ 2,341,738</b>	<b>\$ 1,215,067</b>	<b>\$ (120,706)</b>	<b>\$ 57,702</b>
<b>Net position by component:</b>					
Net investment in capital assets	\$ 45,207,184	\$ 53,386,647	\$ 57,218,606	\$ 52,204,625	\$ 57,306,311
Restricted:					
Debt Service	3,888,332	3,326,941	2,772,564	2,285,068	1,602,958
Capital Projects	1,221,358	29,640	83,771	571,268	577,471
Total restricted	5,109,690	3,356,581	2,856,335	2,856,336	2,180,429
Unrestricted	15,723,773	11,639,157	9,522,511	14,415,785	10,047,708
<b>Total net position</b>	<b>\$ 66,040,647</b>	<b>\$ 68,382,385</b>	<b>\$ 69,597,452</b>	<b>\$ 69,476,746</b>	<b>\$ 69,534,448</b>

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

	Fiscal Year				
	2017	2018	2019	2020	2021
<b>Changes in net position:</b>					
Operating revenues <sup>(see Schedule 2)</sup>	\$ 24,032,874	\$ 25,445,261	\$ 24,663,457	\$ 25,197,330	\$ 26,709,979
Operating expenses <sup>(see Schedule 3)</sup>	(25,287,726)	(26,859,040)	(26,928,835)	(27,981,030)	(29,244,287)
Operating income (loss)	(1,254,852)	(1,413,779)	(2,265,378)	(2,783,700)	(2,534,308)
Non-operating revenues (expenses)					
Property Taxes Ad-Valorem	888,973	927,672	1,012,576	1,037,335	1,097,589
Rental revenue	181,491	188,183	204,160	242,187	236,357
Investment earnings	75,113	124,001	500,786 (5)	424,110	21,511
Interest expense	(706,683) (3)	(790,753)	(753,794)	(777,511)	(758,339)
Other non-operating revenues	152,710	59,653	910,351 (6)	40,917	42,826
Other non-operating expenses	-	-	-	-	-
Total non-operating revenues(expenses), net	591,604	508,756	1,874,079	967,038	639,944
Net income before capital contributions	(663,248)	(905,023)	(391,299)	(1,816,662)	(1,894,364)
Capital contributions	85,821	45,853	1,985,903	2,894	8,708
<b>Changes in net position</b>	<b>\$ (577,427)</b>	<b>\$ (859,170)</b>	<b>\$ 1,594,604</b>	<b>\$ (1,813,768)</b>	<b>\$ (1,885,656)</b>
<b>Net position by component:</b>					
Net investment in capital assets	\$ 57,194,565	\$ 60,300,968	\$ 56,355,138	\$ 55,486,027	\$ 56,108,404
Restricted:					
Debt Service	1,602,958	1,602,958	2,012,004	2,270,150	2,270,150
Capital Projects	23,081	45,853	64,514	2,895	2,895
Total restricted	1,626,039	1,648,811	2,076,518	2,273,045	2,273,045
Unrestricted	10,136,417	1,008,665 (4)	6,121,392 (4)	4,980,208	2,472,175
<b>Total net position</b>	<b>\$ 68,957,021</b>	<b>\$ 62,958,444</b>	<b>\$ 64,553,048</b>	<b>\$ 62,739,280</b>	<b>\$ 60,853,624</b>

(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/increase in Unrestricted due to the implementation of GASB Statement No. 75 in recording OPEB liability.

(5) Investment Earnings increase was resulted from higher interests rate earned on short-term LAIF and CAMP investments.

(6) The increase was attributed to a refund from South Orange County Waste Water Authority (SOCWA).

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

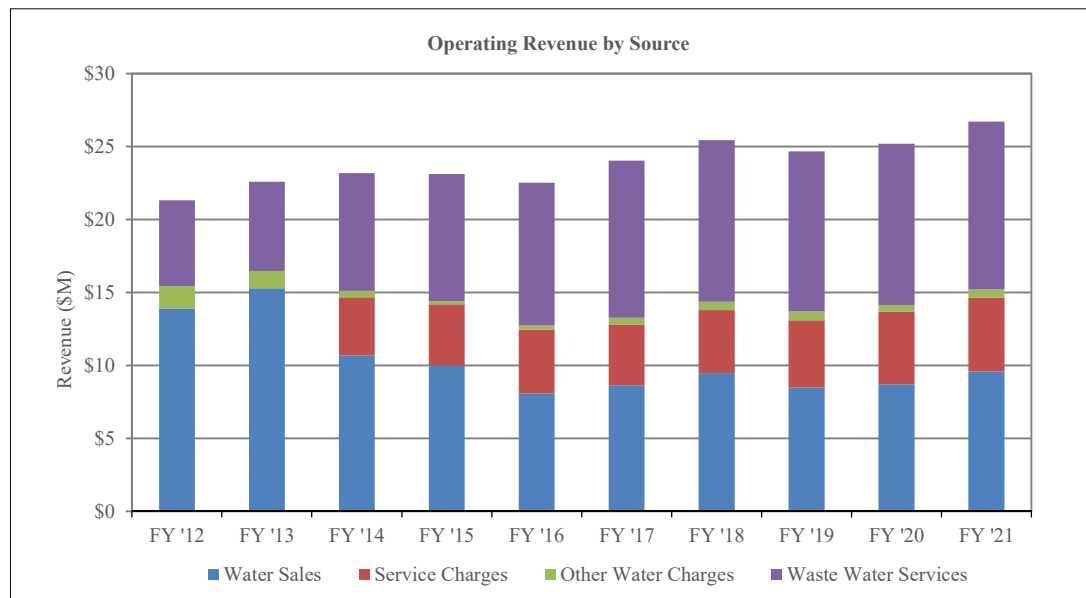
<b>Fiscal Year</b>	<b>Water Sales</b>	<b>Service Charges</b>	<b>Other Water Charges</b>	<b>Waste Water Services</b>	<b>Total Operating Revenue</b>
2012	13,902,298	-	1,538,758	5,882,300	21,323,356
2013	15,293,372	-	1,169,883	6,129,321	22,592,576
2014	10,687,396	3,979,752 (1)	443,673 (2)	8,077,870	23,188,691
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
2019	8,474,791	4,623,068	610,360	10,955,238	24,663,457
2020	8,705,986	4,977,611	469,391	11,044,342	25,197,330
2021	9,571,562	5,070,326	571,434	11,496,657	26,709,979

**Other Water Charges - by Category**

<b>Fiscal Year</b>	<b>Standby Charge</b>	<b>Reimbursement</b>	<b>Other</b>	<b>Total Other Water Charges</b>
2012	970,517	171,014	397,227	1,538,758
2013	984,847	117,364	67,672	1,169,883
2014	10,623	124,353	308,697	443,673
2015	4,818 (2)	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
2019	247	383,810	226,303	610,360
2020	63	328,310	141,018	469,391
2021	-	401,225	170,209	571,434

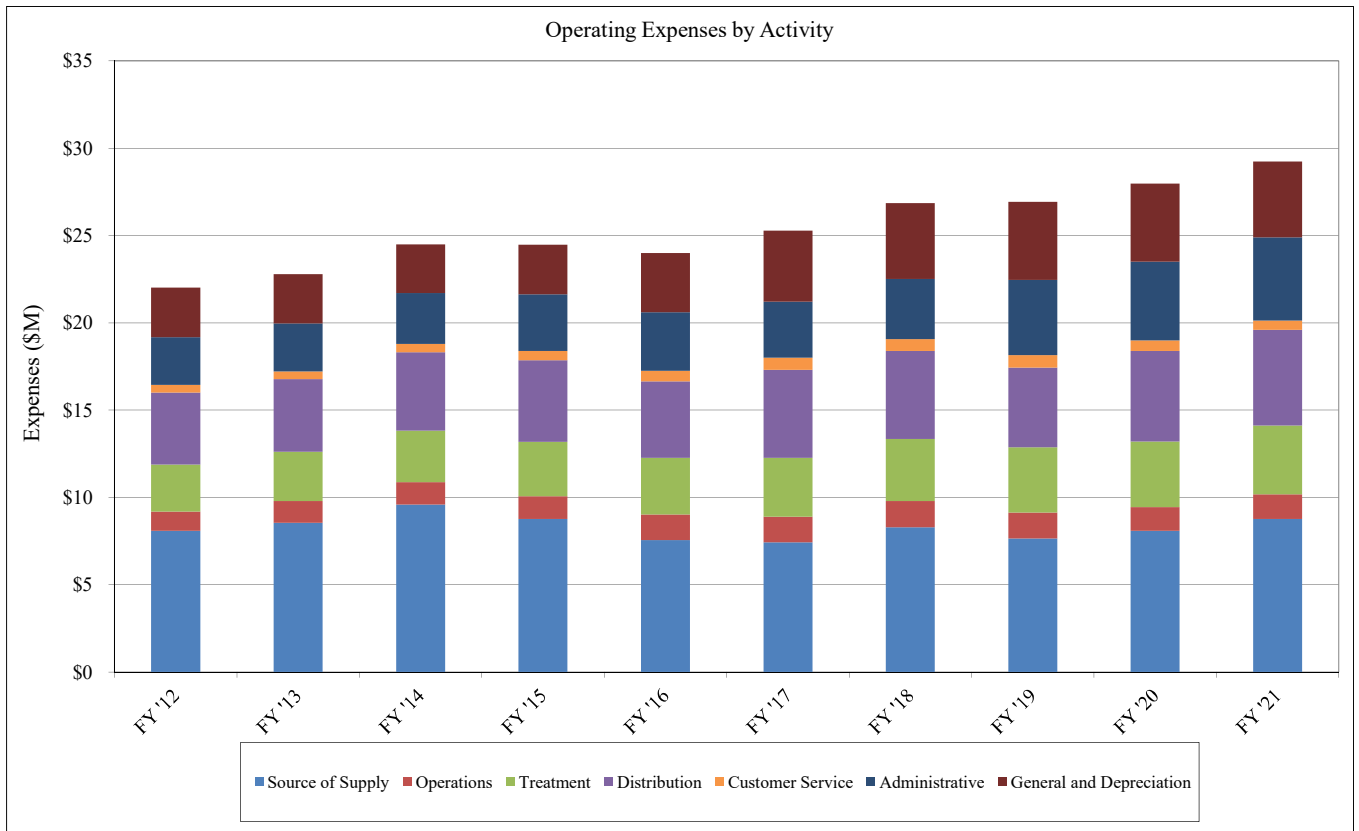
(1) Starting in 2014, Service Charge Revenues was separated from Water Sales Revenues.

(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 Revenues by Source  
Last Ten Fiscal Years**

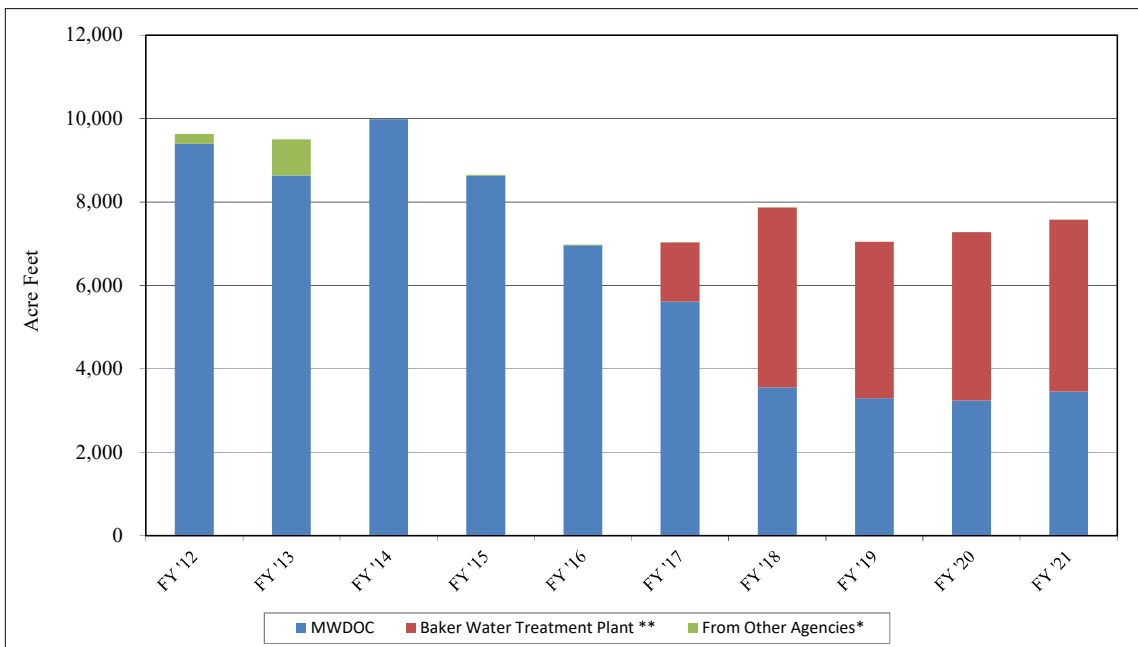
<b>Fiscal Year</b>	<b>Source of Supply</b>	<b>Pumping Operations</b>	<b>Water Treatment</b>	<b>Water Distribution</b>	<b>Customer Service</b>	<b>General and Administrative</b>	<b>Depreciation</b>	<b>Operating Expenses</b>
2012	8,096,104	1,096,347	2,688,844	4,124,778	440,218	2,732,748	2,831,917	22,010,956
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	3,434,736	4,350,053	26,859,040
2019	7,650,468	1,480,556	3,744,102	4,561,123	720,714	4,305,441	4,466,431	26,928,835
2020	8,085,299	1,359,915	3,760,193	5,182,444	603,473	4,506,099	4,483,607	27,981,030
2021	8,763,806	1,417,215	3,942,249	5,467,552	533,039	4,774,869	4,345,557	29,244,287



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

**Source of Water for Sales (AF)**

<b>Fiscal Year</b>	<b>MWDOC</b>	<b>Baker Water Treatment Plant **</b>	<b>From Other Agencies*</b>	<b>Total Production</b>
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	6,976
2017	5,616	1,417	1	7,034
2018	3,559	4,312	3	7,874
2019	3,297	3,754	-	7,051
2020	3,245	4,032	-	7,277
2021	3,460	4,121	-	7,581



**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**

<b>Water Rates <sup>(1)</sup></b>					
<b>Rate per CCF<sup>(2)</sup></b>					<b>Rate per AF</b>
<b>Fiscal Year</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>	<b>Commercial / Industrial</b>
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
2019	2.52	2.91	6.08	7.82	2.89
2020	2.58	2.97	6.14	7.88	2.95
2021	2.65	3.04	6.21	7.95	3.02

<b>Monthly Water Service Charge</b>					
<b>Fiscal Year</b>	<b>5/8" Meter</b>	<b>3/4" Meter</b>	<b>1" Meter</b>	<b>1 ½" Meter</b>	<b>2" Meter</b>
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
2019	12.96	17.37	26.20	48.25	92.36
2020	14.14	18.99	28.70	52.98	101.52
2021	15.17	20.33	30.66	56.48	108.11

<b>Monthly Water Capital Replacement and Refurbishment (CR&amp;R) Charge</b>					
<b>Fiscal Year</b>	<b>5/8" Meter</b>	<b>3/4" Meter</b>	<b>1" Meter</b>	<b>1 ½" Meter</b>	<b>2" Meter</b>
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
2019	4.66	4.66	7.78	18.91	47.47
2020	4.66	4.66	7.78	18.91	47.47
2021	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](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/>

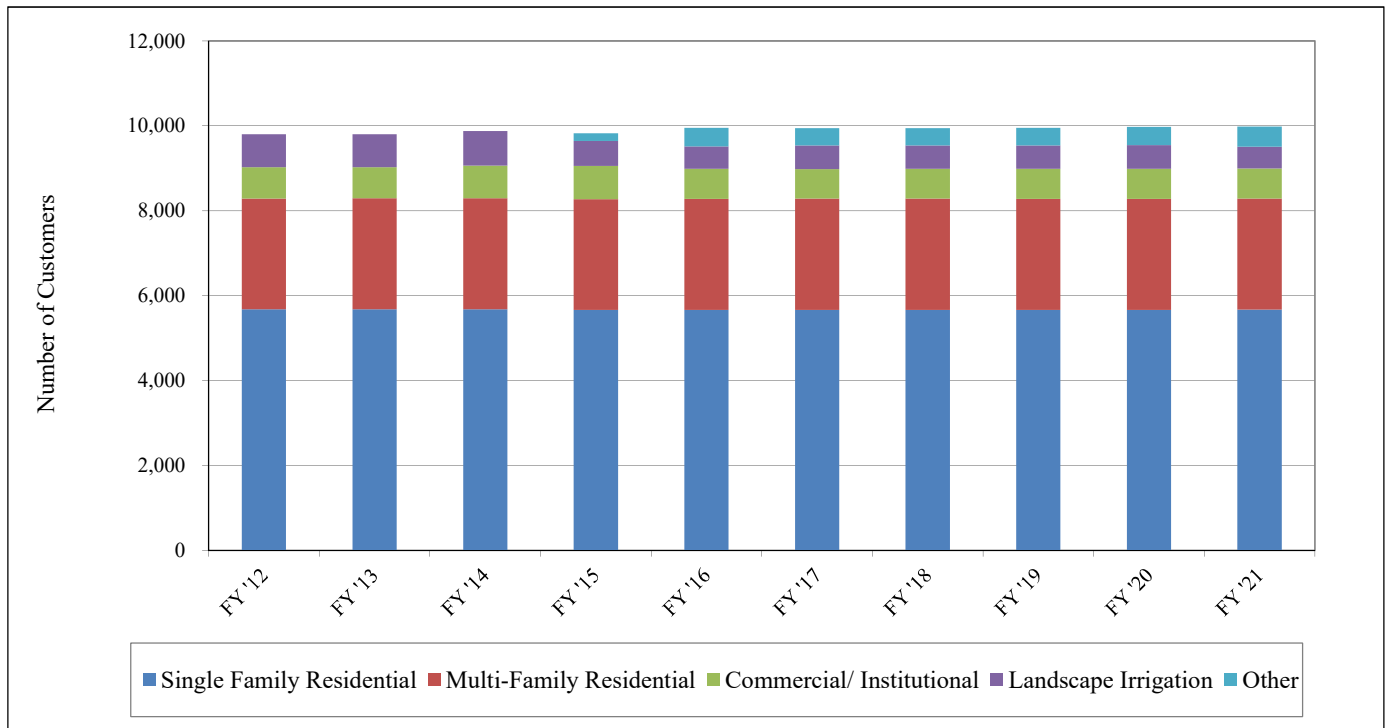
**El Toro Water District  
Sewer Operation Rates and Charges  
Last Ten Fiscal Years**

Sewer Rates by Customer Class										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Residential Rates (monthly charge per EDU)										
Residential Unrestricted	\$ 17.49	\$ 17.77	\$ 18.99	\$ 20.50	\$ 22.02	\$ 23.11	\$ 23.63	\$ 24.30	\$ 24.30	\$ 24.30
Multi-Family Restricted	13.87	14.09	15.06	16.26	17.46	18.33	18.74	19.28	19.28	19.28
Multi-Family Unrestricted	16.49	16.75	17.90	19.33	20.76	21.79	22.28	22.92	22.92	22.92
Commercial Rates (per ccf of water used)										
Animal Kennel / Hospital	\$ 2.86	\$ 2.91	\$ 3.11	\$ 3.36	\$ 3.61	\$ 3.79	\$ 3.88	\$ 3.99	\$ 3.99	\$ 3.99
Car Wash	2.84	2.89	3.09	3.34	3.59	3.77	3.86	3.97	3.97	3.97
Department / Retail Store	2.86	2.91	3.11	3.36	3.61	3.79	3.88	3.99	3.99	3.99
Dry Cleaners	2.50	2.54	2.72	2.94	3.16	3.32	3.40	3.50	3.50	3.50
Golf Course / Camp / Park	2.49	2.53	2.71	2.93	3.15	3.31	3.39	3.49	3.49	3.49
Health Spa	2.85	2.90	3.10	3.35	3.60	3.78	3.87	3.98	3.98	3.98
Hospital / Convalescent Home	2.50	2.54	2.72	2.94	3.16	3.32	3.40	3.50	3.50	3.50
Hotel	4.33	4.40	4.71	5.09	5.47	5.74	5.87	6.04	6.04	6.04
Market	5.68	5.77	6.17	6.67	7.17	7.53	7.70	7.92	7.92	7.92
Mortuary	5.66	5.75	6.15	6.64	7.14	7.50	7.67	7.89	7.89	7.89
Nursery / Greenhouse	2.54	2.58	2.76	2.98	3.20	3.36	3.44	3.54	3.54	3.54
Professional / Financial Office	2.86	2.91	3.11	3.36	3.61	3.79	3.88	3.99	3.99	3.99
Public Institution	2.80	2.85	3.05	3.30	3.55	3.73	3.82	3.93	3.93	3.93
Repair / Service Station	2.85	2.90	3.10	3.35	3.60	3.78	3.87	3.98	3.98	3.98
Restaurant	2.69	2.74	2.93	3.17	3.41	3.58	3.66	3.77	3.77	3.77
Schools	2.95	3.00	3.21	3.47	3.73	3.92	4.01	4.13	4.13	4.13
Theater	2.86	2.91	3.11	3.36	3.61	3.79	3.88	3.99	3.99	3.99
Warehouse / Storage	2.25	2.29	2.45	2.65	2.85	3.00	3.07	3.16	3.16	3.16
Basic Commercial	2.50	2.54	2.72	2.94	3.16	3.32	3.40	3.50	3.50	3.50

Monthly Sewer Capital Replacement and Refurbishment (CR&R) Charge										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Residential Charge (Per EDU)										
Single Family	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93
Multi-Family Restricted	3.95	3.95	3.95	3.95	3.95	3.91	3.91	3.91	3.91	3.91
Multi-Family Unrestricted	4.69	4.69	4.69	4.69	4.69	4.65	4.65	4.65	4.65	4.65
Commercial (per Meter)										
5/8" Meter	\$ 6.42	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34
3/4" Meter	7.34	7.34	7.34	7.34	7.34	7.34	7.34	7.34	7.34	7.34
1" Meter	12.38	13.55	13.55	13.55	13.55	13.55	13.55	13.55	13.55	13.55
1 ½" Meter	25.60	24.07	24.07	24.07	24.07	24.07	24.07	24.07	24.07	24.07
2" Meter	68.77	70.96	70.96	70.96	70.96	70.96	70.96	70.96	70.96	70.96
Public Authority (per Meter)										
1" Meter	\$ 4.55	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93
1 ½" Meter	20.48	24.65	24.65	24.65	24.65	24.65	24.65	24.65	24.65	24.65
2" Meter	35.20	39.71	39.71	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
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	9,827
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 <sup>(1)</sup>	9,948
2019	5,665	2,614	706	556	408	9,949
2020	5,667	2,615	707	554	434	9,977
2021	5,670	2,617	707	511	478	9,983



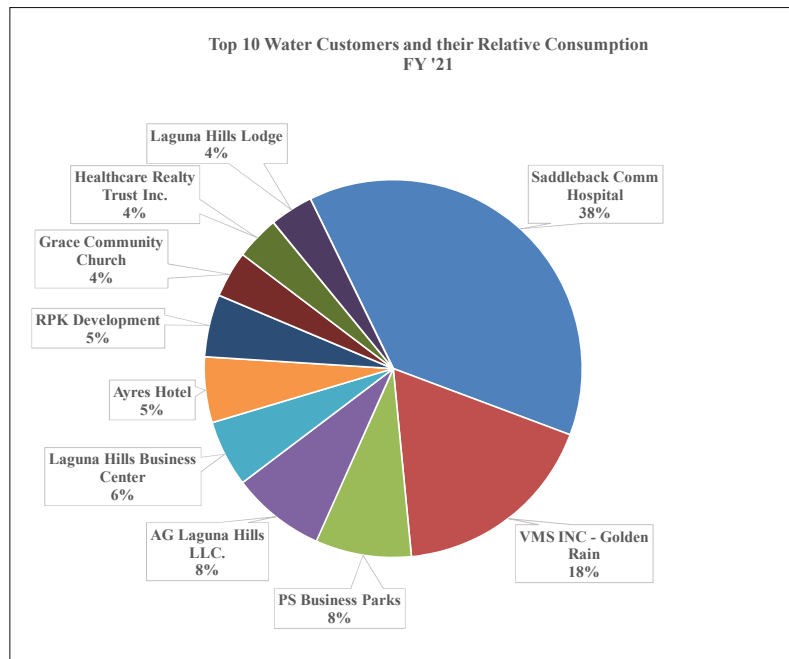
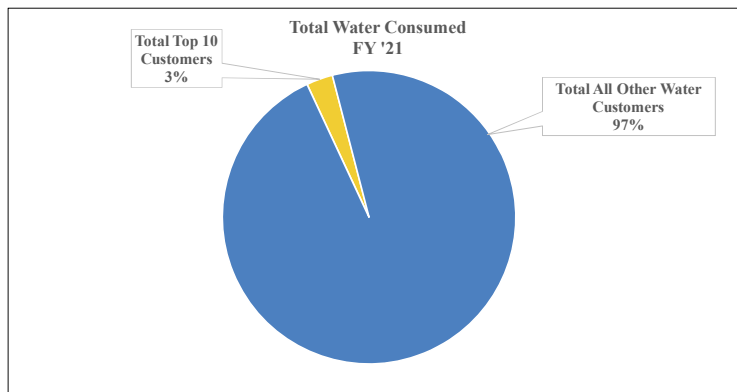
(1) The District did not track "Other" connections in total prior to FY 14/15.

\*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**

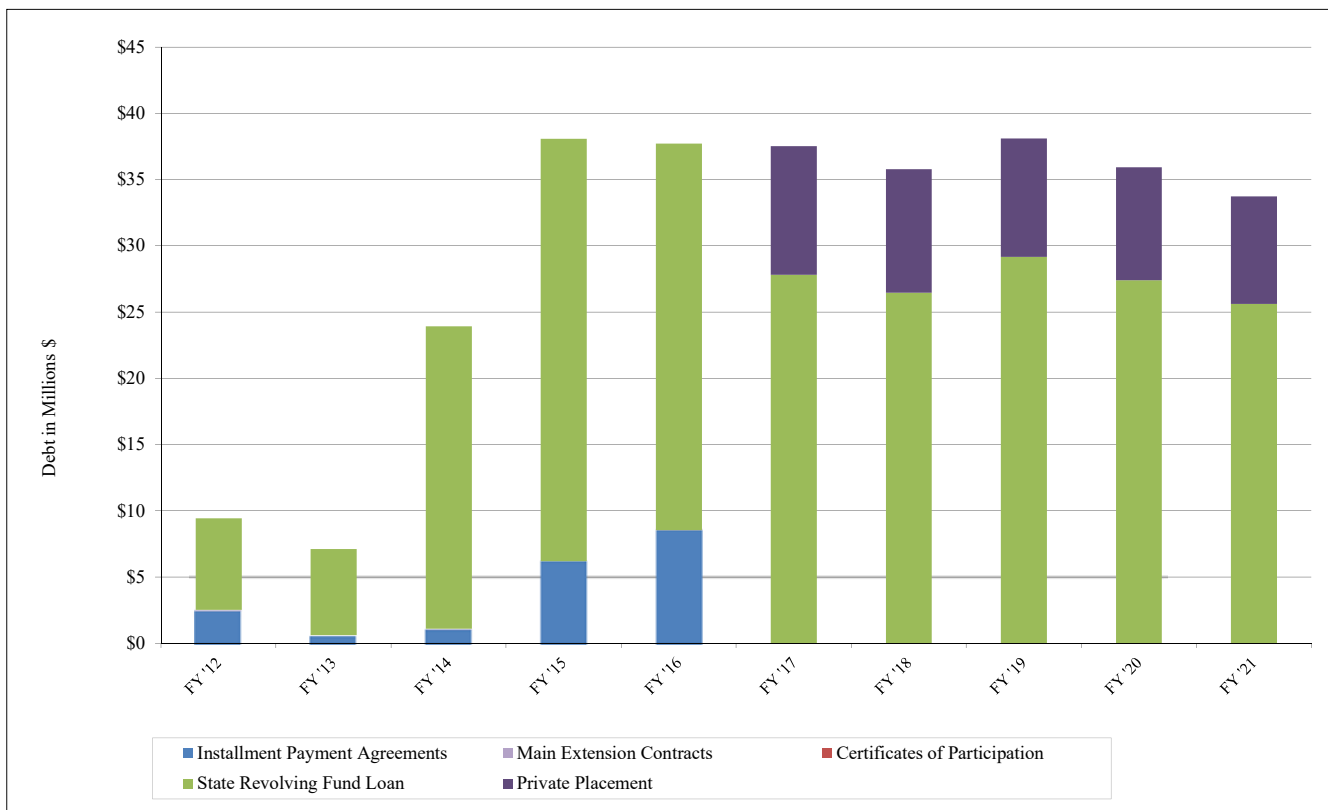
Customer	FY '12		Customer	FY '21	
	Annual Usage (HCF)	Percent of Total		Annual Usage (HCF)	Percent of Total
Saddleback Comm Hospital	53,578	1.41%	Saddleback Comm Hospital	40,755	1.11%
Country Villa Laguna Hills	9,641	0.25%	VMS INC - Golden Rain	19,102	0.52%
PS Business Parks	9,376	0.25%	PS Business Parks	8,815	0.24%
VMS INC - Golden Rain	8,198	0.22%	AG Laguna Hills LLC.	8,621	0.23%
Simon Properties #4665	6,804	0.18%	Laguna Hills Business Center	6,118	0.17%
Laguna Hills Business Center	6,544	0.17%	Ayres Hotel	6,039	0.16%
RPK Development	6,362	0.17%	RPK Development	5,734	0.16%
Ayres Hotel	5,590	0.15%	Grace Community Church	4,275	0.12%
BJ'S Restaurant Brewhouse Site#438	5,274	0.14%	Healthcare Realty Trust Inc.	4,028	0.11%
Ralphs Grocery Store	5,047	0.13%	Laguna Hills Lodge	3,988	0.11%
Total Top 10 Customers	116,414	3.06%	Total Top 10 Customers	107,475	2.92%
Total All Other Water Customers	3,688,127	96.94%	Total All Other Water Customers	3,566,889	97.08%
Total Water Consumed	3,804,541	100.00%	Total Water Consumed	3,674,364	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
2012	-	2,535,858	6,920,615	6,180	-	9,462,653	196	0.35%
2013	-	621,878	6,505,874	6,180	-	7,133,932	147	0.27%
2014	-	1,123,184 <sup>(1)</sup>	22,823,592 <sup>(2)</sup>	6,180	-	23,952,956	494	0.86%
2015	-	6,215,863 <sup>(1)</sup>	31,873,740 <sup>(2)</sup>	6,180	-	38,095,783	784	1.28%
2016	-	8,562,088 <sup>(1)</sup>	29,159,616 <sup>(2)</sup>	6,180	-	37,727,884	778	1.24%
2017	-	-	27,827,408	6,180	9,715,035	37,548,623	766	1.17%
2018	-	-	26,470,867	6,180	9,331,939 <sup>(1)</sup>	35,808,986	736	1.06%
2019	-	-	29,175,315	6,180	8,936,967	38,118,462	791	1.10%
2020	-	-	27,415,579	6,180	8,529,750	35,951,509	750	1.05% <sup>(3)</sup>
2021	-	-	25,637,656	6,180	8,109,910	33,753,746	701	N/A <sup>(3)</sup>

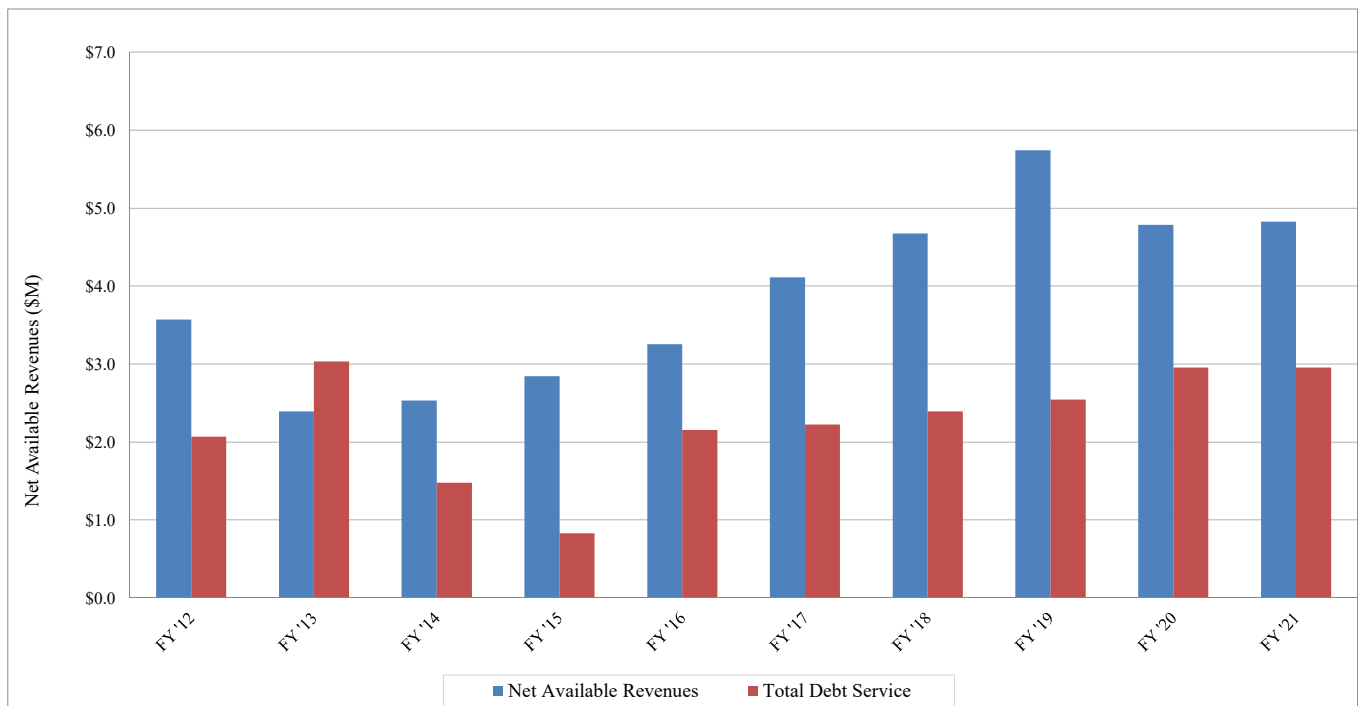


**Notes:**

- (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 Bank 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 2020 & 2021. The Bureau of Economic Analysis typically releases this information in late 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 <sup>(1)</sup>	Net Available Revenues	Principal	Interest	Total Debt Service	Coverage Ratio
2012	22,750,433	19,179,039	3,571,394	1,663,826	406,826	2,070,652	1.72
2013	23,934,861	21,540,832	2,394,029	2,673,722	359,134	3,032,856	0.79
2014	24,236,986	21,703,124	2,533,862	1,299,923	179,490	1,479,413	1.71
2015	24,481,578	21,638,728	2,842,850	691,667	137,746	829,413	3.43
2016	23,868,895	20,612,575	3,256,320	1,697,913	459,070	2,156,983	1.51
2017	25,331,161	21,218,983	4,112,178	1,532,173	691,970	2,224,143	1.85
2018	26,744,770	22,068,431	4,676,339	1,739,638	655,145	2,394,783	1.95
2019	27,291,330	21,549,152	5,742,178	1,776,305	769,061	2,545,366	2.26
2020	26,941,879	22,155,520	4,786,359	2,166,953	787,460	2,954,413	1.62
2021	28,108,262	23,283,264	4,824,998	2,197,763	756,649	2,954,412	1.63

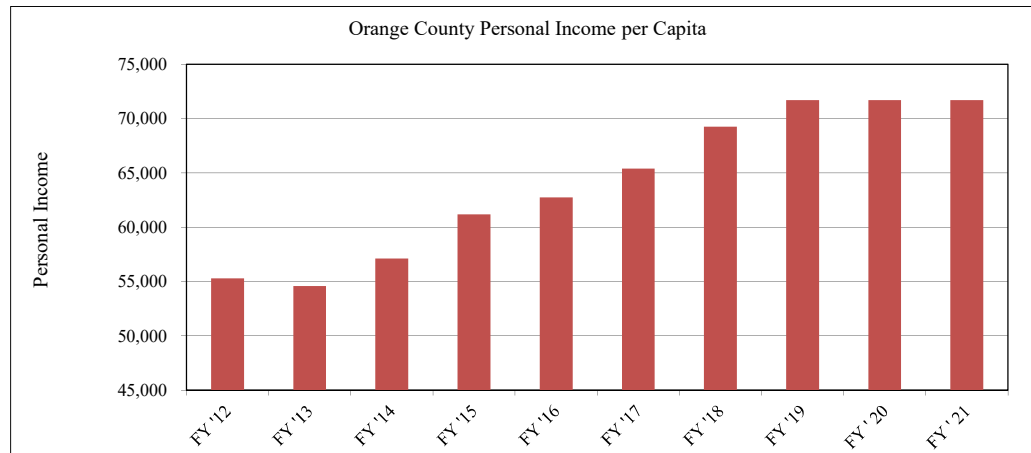
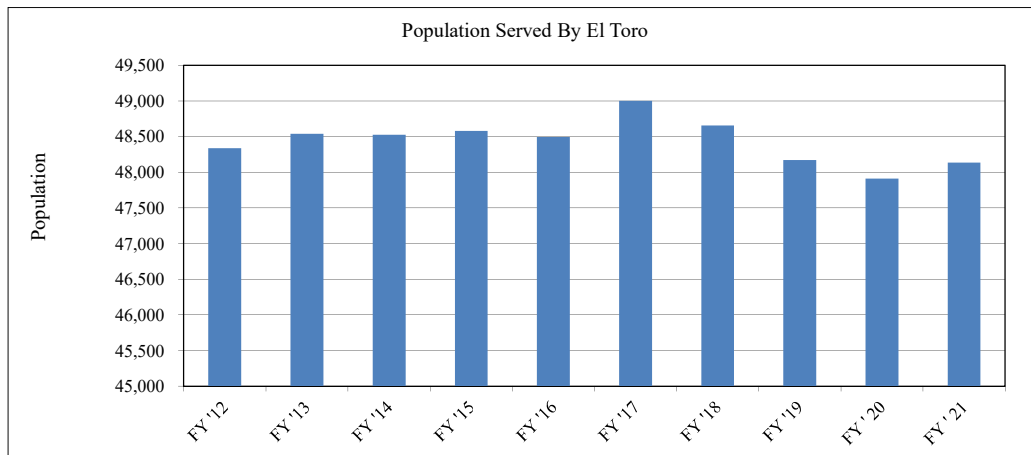


Notes:

(1) Operating expenses less depreciation and amortization, interest, and OPEB Accounting charges.

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

Calendar Year	Population Served by El Toro <sup>1</sup>	Orange County		
		Personal Income <sup>2</sup> (thousands \$)	Personal Income per Capita	Unemployment Rate at 6/30
2012	48,339	170,609,148	55,296	8.3%
2013	48,541	169,986,956	54,594	6.9%
2014	48,529	179,141,029	57,110	5.5%
2015	48,579	193,358,936	61,178	4.5%
2016	48,498	199,441,555	62,763	4.3%
2017	49,003	208,653,019	65,400	3.8%
2018	48,657	220,684,684	69,268	3.3%
2019	48,174	227,732,561	71,711	3.0%
2020 <sup>(3)</sup>	47,911	227,732,561	71,711	13.3%
2021 <sup>(3)</sup>	48,135	227,732,561	71,711	6.4%



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

Source: Municipal Water District of Orange County (MWDOC)

N/A - Data not available for time period

1 The district population data is estimated by the Center for Demographic Research (CDR) at California State University Fullerton.

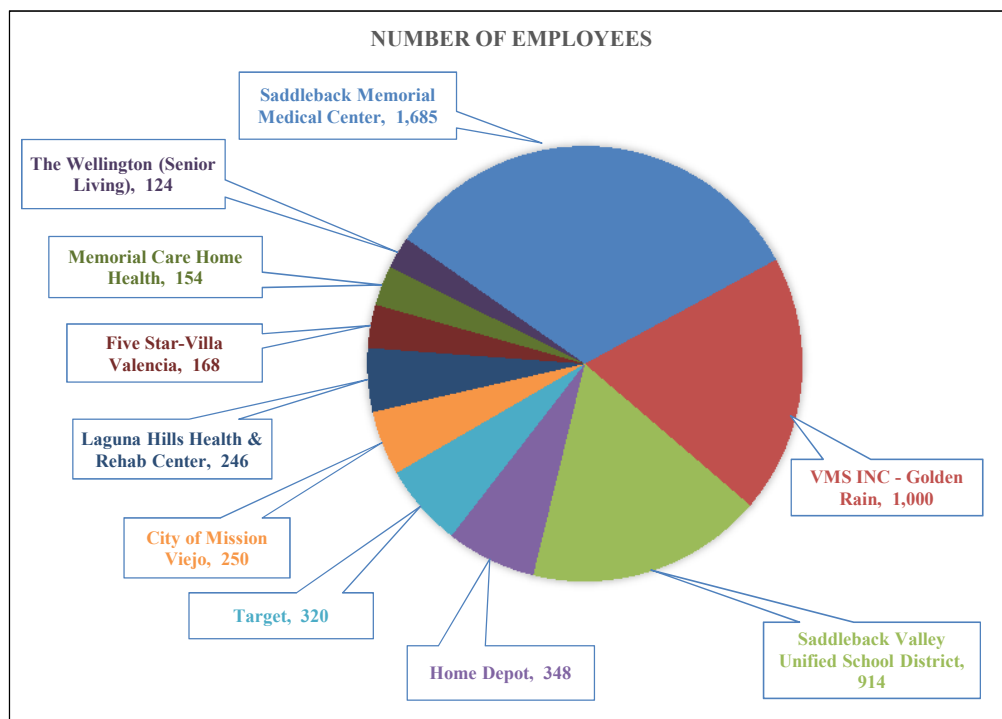
2 Data from the Bureau of Economic Analysis, <http://www.bea.gov>

3 The income data for 2020 & 2021 was not available at the time this report was published

## El Toro Water District Principal Employers Current Fiscal Year

<b>Employer</b>	<b>Number of Employees at 06/30/20</b>	<b>Percent of Total</b>
Saddleback Memorial Medical Center	1,685	32.35%
VMS INC - Golden Rain	1,000	19.20%
Saddleback Valley Unified School District	914	17.55%
Home Depot	348	6.68%
Target	320	6.14%
City of Mission Viejo	250	4.80%
Laguna Hills Health & Rehab Center	246	4.72%
Five Star-Villa Valencia	168	3.23%
Memorial Care Home Health	154	2.96%
The Wellington (Senior Living)	124	2.38%
<b>Total Principal Employers</b>	<b>5,209</b>	<b>100.00%</b>

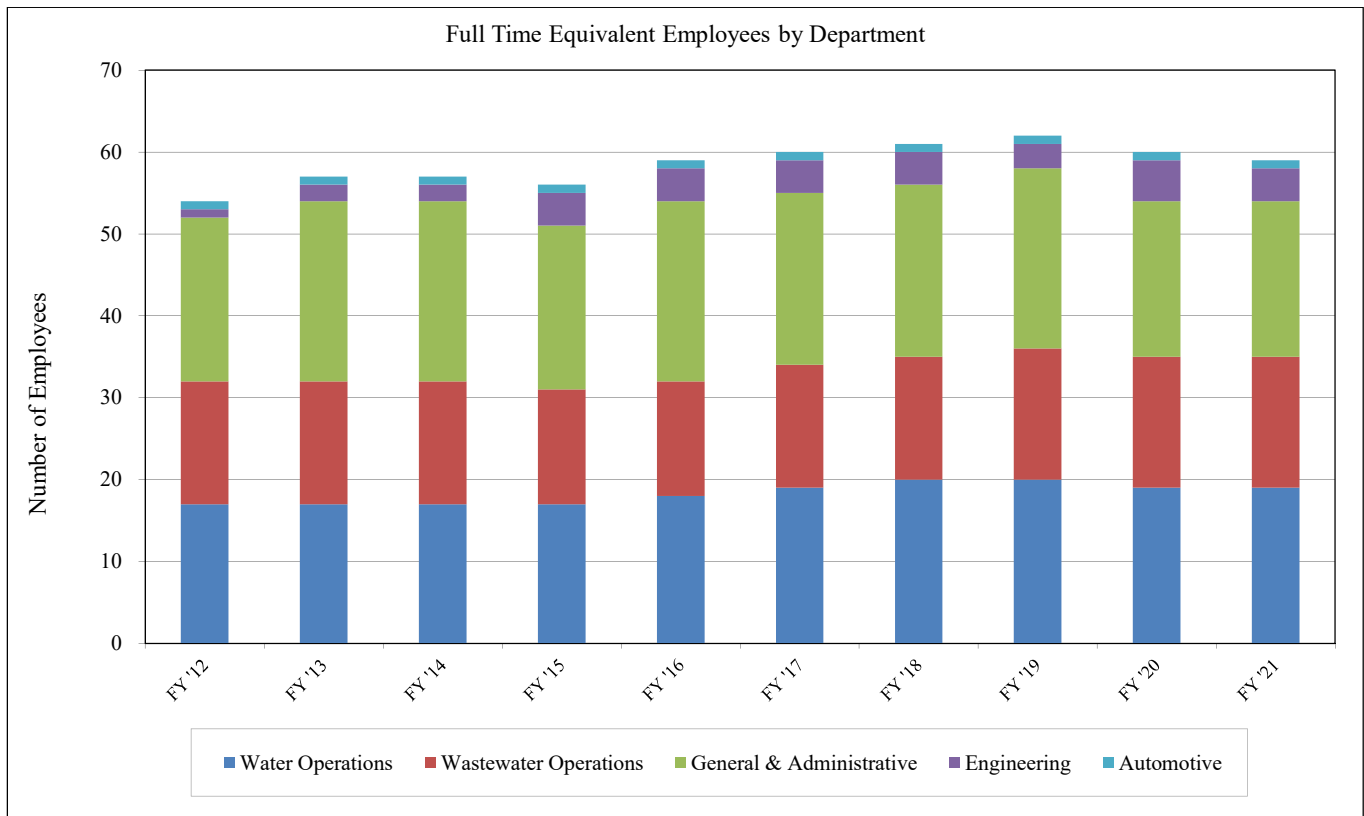
**Service Area:** Covers about 5,430 acres including all of the city of Laguna Woods (36%), and portions of the cities of Laguna Hills (21%), Mission Viejo (12%), Lake Forest (27%) and Aliso Viejo (4%). The district used data from the fiscal year end 2020 CAFRs for the service area cities listed. Nine years prior information comparison is not available since the district started filing for the CAFR from fiscal year end 2016.





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

<b>Fiscal Year</b>	<b>Water Operations</b>	<b>Wastewater Operations</b>	<b>General &amp; Administrative</b>	<b>Engineering</b>	<b>Automotive</b>	<b>Total</b>
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
2019	20	16	22	3	1	62
2020	19	16	19	5	1	60
2021	19	16	19	4	1	59



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

<b>Fiscal Year</b>	<b>Water System</b>			
	<b>Miles of Water Mains</b>	<b>Service Connections</b>	<b>Annual Potable Import (MG)</b>	<b>Average Daily Potable Import (MGD)</b>
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
2019	170	9,949	2,298	6.29
2020	170	9,977	2,371	6.50
2021	170	9,983	2,470	6.77

<b>Fiscal Year</b>	<b>Sewer System</b>			
	<b>Miles of Sewers Lines</b>	<b>Service Connections</b>	<b>Annual Sewerage (MG)</b>	<b>Daily Sewerage (MGD)</b>
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
2019	114	9,949	1,122	3.07
2020	114	9,977	1,140	3.12
2021	114	9,983	1,057	2.90

<b>Fiscal Year</b>	<b>Recycled Water</b>			
	<b>Miles of Recycled Pipe</b>	<b>Service Connections</b>	<b>Annual Production (MG)</b>	<b>Daily Production (MGD)</b>
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
2019	26	210	418.89	1.15
2020	26	229	447.32	1.23
2021	26	275	583.58	1.60

**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.



**Attachment 2**  
**Additional Communications Letter**



Board of Directors  
El Toro Water District  
Lake Forest, California

We have audited the financial statements of El Toro Water District (the District), as of and for the year ended June 30, 2021, and have issued our report thereon dated November 30, 2021. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

## **Significant audit findings**

### ***Qualitative aspects of accounting practices***

#### **Accounting policies**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by El Toro Water District are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2021.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

#### **Accounting estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- The actuarially determined contributions, OPEB expense, total OPEB liability, and corresponding deferred outflows of resources and deferred inflows of resources for the District's defined benefit OPEB plan is based upon an actuarial valuation performed by an independent third party.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

### **Financial statement disclosures**

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

- The disclosure of the District's defined benefit Other Post-Employment Benefits plan in Note 7 to the financial statements.

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

### ***Difficulties encountered in performing the audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

### ***Disagreements with management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

### ***Management representations***

We have requested certain representations from management that are included in the management representation letter dated November 30, 2021.

### ***Management consultations with other independent accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other information in documents containing audited financial statements***

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the schedule of revenue by category and schedule of expenses by category (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated November 30, 2021.

The introductory and statistical sections accompanying the financial statements, which are the responsibility of management, were prepared for purposes of additional analysis and are not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

\* \* \*

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Irvine, California  
November 30, 2021

**Attachment 3**  
**Government Auditing Standards Communication**





CliftonLarsonAllen LLP  
CLAconnect.com

## **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**

Board of Directors  
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 financial statements of the El Toro Water District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise El Toro Water District's basic financial statements, and have issued our report thereon dated November 30, 2021.

### **Internal Control Over Financial Reporting**

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



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### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*CliftonLarsonAllen LLP*

### **CliftonLarsonAllen LLP**

Irvine, California  
November 30, 2021

EL TORO WATER DISTRICT  
FINANCIAL REPORT  
December 13, 2021

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**EL TORO WATER DISTRICT  
BALANCE SHEET**

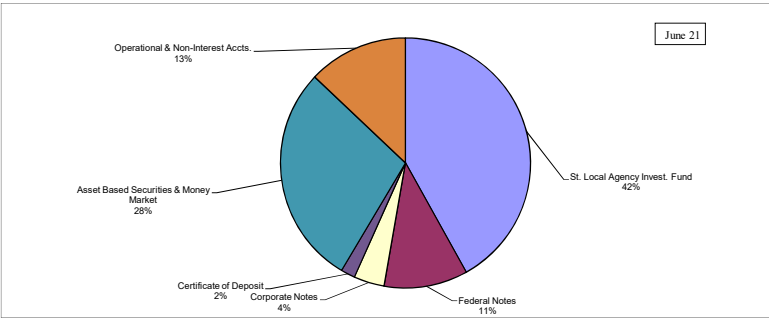
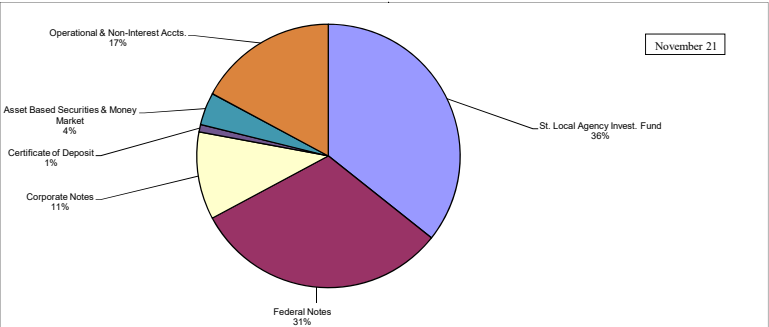
	<b>11/30/21 (Unaudited)</b>	<b>June 30, 2021 (Unaudited)</b>
<b>ASSETS</b>		
Current Assets		
Cash	\$3,503,831	\$3,118,166
Investments:		
Investments Cash	6,442,113	7,043,535
Investments FMV Adjustment	604	9,241
Receivables:		
Accounts Receivable	4,089,448	3,591,474
Inventories	693,788	1,192,207
Prepaid Expenses	454,596	150,916
Total Current Assets	<u>\$15,184,379</u>	<u>15,105,540</u>
Restricted Assets		
Cash & Investments	<u>10,373,093</u>	<u>9,787,357</u>
Total Restricted Assets	<u>10,373,093</u>	<u>9,787,357</u>
Non-Current Assets		
Utility Plant:		
Land & Easements	7,451,585	7,451,585
Long Term Leases	342,382	342,382
Equipment	121,999,727	121,918,078
Collection & Impound Reservoirs	6,243,706	6,243,706
Structure & Improvements	34,977,506	34,950,613
Total Utility Plant	<u>171,014,907</u>	<u>170,906,365</u>
Less Accumulated Depreciation & Amortization	<u>(85,723,730)</u>	<u>(83,904,879)</u>
Net Utility Plant	85,291,178	87,001,486
Construction Work in Progress	3,771,769	2,956,254
Deferred Outflow OPEB	5,469,108	3,634,674
Total Non-current Assets	<u>94,532,054</u>	<u>93,592,414</u>
<b>TOTAL ASSETS</b>	<u><u>\$120,089,526</u></u>	<u><u>\$118,485,312</u></u>

**EL TORO WATER DISTRICT  
BALANCE SHEET**

	<b>11/30/21 (Unaudited)</b>	<b>June 30, 2021 (Unaudited)</b>
<b>LIABILITIES and EQUITY</b>		
<b>Liabilities</b>		
Current Liabilities Payable		
Accounts Payable	\$1,454,002	\$2,225,218
Current Portion of Long-Term Debt	1,897,591	6,180
Other Current Liabilities	3,135,094	1,987,469
	<hr/>	<hr/>
Total Current Liabilities Payable		
From Current Assets	6,486,688	4,218,867
Long Term Debt		
Long Term Debt	51,798,466	50,591,444
	<hr/>	<hr/>
Total Long Term Debt	51,798,466	50,591,444
	<hr/>	<hr/>
Total Liabilities	58,285,155	54,810,311
<b>Fund Equity</b>		
Retained Earnings - Reserved	17,034,893	17,034,893
Contributed Capital	8,744,767	8,744,767
Retained Earnings - Unreserved	35,073,964	36,959,626
Net Income	950,747	935,715
Total Fund Equity	61,804,371	63,675,001
	<hr/>	<hr/>
Total Liabilities & Fund Equity	<u>\$120,089,526</u>	<u>\$118,485,312</u>

CASH & INVESTMENTS (General Fund)  
SUMMARY OF INVESTMENTS BY TYPE

	Maturity Dates	Par	Market Value 11/30/21	Financial Institution	YTM 11/30/21	Original Cost 11/30/21
State Local Agency Investment Fund	NA	NA	\$7,287,958	LAIF	0.20%	\$7,287,958
US Treasury N/B - Coupon Rate 1.875%	5/31/2022	450,000	453,938	US Bank/CAMP	0.09%	457,400
US Treasury N/B - Coupon Rate 0.125%	7/31/2022	550,000	550,000	US Bank/CAMP	0.11%	550,107
US Treasury N/B - Coupon Rate 0.125%	9/30/2022	420,000	419,738	US Bank/CAMP	0.11%	420,082
US Treasury N/B - Coupon Rate 1.875%	10/31/2022	250,000	253,750	US Bank/CAMP	0.10%	256,328
US Treasury N/B - Coupon Rate 1.875%	10/31/2022	400,000	406,000	US Bank/CAMP	0.12%	410,422
US Treasury N/B - Coupon Rate 0.125%	11/30/2022	200,000	199,750	US Bank/CAMP	0.11%	200,055
US Treasury N/B - Coupon Rate 0.125%	12/31/2022	400,000	399,312	US Bank/CAMP	0.11%	400,125
US Treasury N/B - Coupon Rate 0.125%	1/31/2023	200,000	199,531	US Bank/CAMP	0.13%	199,977
US Treasury N/B - Coupon Rate 0.125%	1/31/2023	400,000	399,062	US Bank/CAMP	0.11%	400,141
US Treasury N/B - Coupon Rate 0.250%	6/15/2023	400,000	398,938	US Bank/CAMP	0.14%	401,047
US Treasury N/B - Coupon Rate 0.125%	7/15/2023	200,000	199,000	US Bank/CAMP	0.19%	199,688
US Treasury N/B - Coupon Rate 0.125%	7/15/2023	400,000	398,000	US Bank/CAMP	0.14%	399,828
US Treasury N/B - Coupon Rate 0.125%	8/15/2023	500,000	497,031	US Bank/CAMP	0.23%	498,809
US Treasury N/B - Coupon Rate 0.250%	11/15/2023	90,000	89,480	US Bank/CAMP	0.26%	89,982
US Treasury N/B - Coupon Rate 0.125%	2/15/2024	300,000	296,719	US Bank/CAMP	0.27%	298,734
US Treasury N/B - Coupon Rate 0.375%	8/15/2024	165,000	163,273	US Bank/CAMP	0.42%	164,807
US Treasury N/B - Coupon Rate 0.375%	9/15/2024	35,000	34,601	US Bank/CAMP	0.52%	34,854
Intl BK of Recon and Dev Note - Coupon Rate 0.126%	4/20/2023	135,000	134,293	US Bank/CAMP	0.23%	134,721
Inter-American Devel BK Note - Coupon Rate 0.500%	9/23/2024	185,000	182,770	US Bank/CAMP	0.52%	184,863
NJ TPK Auth -B- Tbl Muni Bond - Coupon Rate 0.897%	1/1/2025	20,000	19,785	US Bank/CAMP	0.90%	20,000
FHMS K724 A2 - Coupon Rate 3.062%	11/1/2023	60,000	61,796	US Bank/CAMP	0.58%	64,052
FHMS K133 A1 - Coupon Rate 0.440%	12/1/2025	6,549	6,442	US Bank/CAMP	0.44%	6,548
Federal Farm Credit Bank Note - Coupon Rate 0.125%	2/3/2023	230,000	229,577	US Bank/CAMP	0.15%	229,871
Freddie Mac Notes - Coupon Rate 0.250	11/6/2023	155,000	154,063	US Bank/CAMP	0.23%	155,087
Fannie Mae Notes - Coupon Rate 0.250	11/27/2023	250,000	248,395	US Bank/CAMP	0.24%	250,107
Federal Notes		6,401,549	6,395,243			6,427,635
Toyota Motor Credit Corp Corporate Note - Coupon Rate 0.450%	1/11/2024	70,000	69,289	US Bank/CAMP	0.45%	69,996
John Deere Corp Notes - Coupon Rate 0.450%	1/17/2024	55,000	54,347	US Bank/CAMP	0.48%	54,961
Morgan Stanley Corp Notes - Coupon Rate 0.529%	1/25/2024	55,000	54,859	US Bank/CAMP	0.53%	55,000
PACCAR Financial Corp Corporate Note - Coupon Rate 0.350%	2/2/2024	65,000	64,224	US Bank/CAMP	0.39%	64,925
Microsoft Corp(Callable) Note - Coupon Rate 2.875%	2/6/2024	45,000	46,818	US Bank/CAMP	0.95%	46,864
National Rural Util Coop Corporate Note - Coupon Rate 0.350%	2/8/2024	25,000	24,626	US Bank/CAMP	0.37%	24,983
Apple Inc (Callable) Note - Coupon Rate 3.000%	2/9/2024	50,000	52,096	US Bank/CAMP	0.87%	52,381
Goldman Sachs Corp Notes - Coupon Rate 4.000%	3/3/2024	40,000	42,425	US Bank/CAMP	0.69%	44,062
Merck & Co Inc Corp Notes - Coupon Rate 2.900%	3/7/2024	30,000	31,270	US Bank/CAMP	0.88%	31,377
Goldman Sachs Corp Notes - Coupon Rate 0.673%	3/8/2024	20,000	19,922	US Bank/CAMP	0.67%	20,000
JPMorgan Chase & Co Corp Note Call - Coupon Rate 0.697%	3/16/2024	70,000	69,822	US Bank/CAMP	0.70%	70,000
Charles Schwab Corp Note - Coupon Rate 0.750%	3/18/2024	30,000	29,844	US Bank/CAMP	0.77%	29,985
Suntrust Bank (Callable) Corp Note - Coupon Rate 3.200%	4/1/2024	60,000	62,880	US Bank/CAMP	0.96%	63,197
Comcast Corp (Callable) Corp Note - Coupon Rate 3.700%	4/15/2024	50,000	52,978	US Bank/CAMP	0.96%	53,305
Bank of NY Mellon Corp Note - Coupon Rate 0.500%	4/26/2024	55,000	54,344	US Bank/CAMP	0.54%	54,941
Novartis Capital Corp Note - Coupon Rate 3.400%	5/6/2024	50,000	52,882	US Bank/CAMP	0.89%	53,112
Amazon.com Inc Corp Note - Coupon Rate 0.450%	5/12/2024	80,000	79,067	US Bank/CAMP	0.50%	79,883
UnitedHealth Group Inc Corp Note - Coupon Rate 0.550%	5/15/2024	30,000	29,696	US Bank/CAMP	0.59%	29,969
Caterpillar Finl Service Corp Note - Coupon Rate 0.450%	5/17/2024	45,000	44,405	US Bank/CAMP	0.50%	44,940
Astrazeneca Finance LLC (Callable) Corp - Coupon Rate 0.700%	5/28/2024	50,000	49,448	US Bank/CAMP	0.70%	49,996
John Deere Capital Corp Notes - Coupon Rate 0.450%	6/7/2024	10,000	9,857	US Bank/CAMP	0.49%	9,988
Target Corp Notes - Coupon Rate 3.500%	7/1/2024	30,000	31,877	US Bank/CAMP	1.04%	31,879
American Express Co Corp Notes - Coupon Rate 2.500%	7/30/2024	35,000	36,146	US Bank/CAMP	1.14%	36,253
American Honda Finance Corp Notes - Coupon Rate 0.750%	8/9/2024	30,000	29,741	US Bank/CAMP	0.77%	29,980
American Honda Finance Corp Notes - Coupon Rate 0.750%	8/9/2024	35,000	34,698	US Bank/CAMP	0.72%	35,025
Caterpillar Finl Service Corp Notes - Coupon Rate 0.600%	9/13/2024	20,000	19,745	US Bank/CAMP	0.65%	19,973
Bank of NY Mellon Corp Note - Coupon Rate 0.850%	10/25/2024	25,000	24,837	US Bank/CAMP	0.87%	24,984
Apple Inc Corp Note - Coupon Rate 2.750%	1/13/2025	40,000	41,812	US Bank/CAMP	0.89%	42,786
Merck & Co Inc Corp Note - Coupon Rate 2.750%	2/10/2025	20,000	20,860	US Bank/CAMP	0.94%	21,389
JPMorgan Chase & Co Corp Note Call - Coupon Rate 0.563%	2/16/2025	30,000	29,716	US Bank/CAMP	0.56%	30,000
Lockheed Martin Corp Note - Coupon Rate 2.900%	3/1/2025	20,000	21,020	US Bank/CAMP	1.06%	21,422
Bank of America Corp Notes - Coupon Rate 3.458%	3/15/2025	40,000	41,880	US Bank/CAMP	1.53%	42,714
Burlington North Santa Fe Corp Note Call - Coupon Rate 3.000%	4/1/2025	20,000	21,138	US Bank/CAMP	1.07%	21,533
Bank of America Corp Notes (Callable) - Coupon Rate 0.976%	4/22/2025	70,000	69,245	US Bank/CAMP	0.98%	70,000
Bank of NY Mellon Corp Note - Coupon Rate 1.600%	4/24/2025	45,000	45,425	US Bank/CAMP	0.97%	46,148
Pepsico Inc Corp Note Call - Coupon Rate 2.750%	4/30/2025	20,000	20,941	US Bank/CAMP	1.02%	21,400
Citigroup Inc Corp Notes - Coupon Rate 0.981%	5/1/2025	35,000	34,784	US Bank/CAMP	0.98%	35,000
Morgan Stanley Corp Notes (Callable) - Coupon Rate 0.790%	5/30/2025	10,000	9,819	US Bank/CAMP	0.79%	10,000
Honeywell Intl Corp Note - Coupon Rate 1.350%	6/1/2025	20,000	20,058	US Bank/CAMP	0.91%	20,360
JPMorgan Chase & Co Corp Note - Coupon Rate 0.824%	6/1/2025	25,000	24,716	US Bank/CAMP	0.82%	25,000
Citigroup Inc Corp Notes - Coupon Rate 1.281%	11/3/2025	20,000	19,945	US Bank/CAMP	1.28%	20,000
Collat Comm Paper V Co Comm Paper - Coupon Rate 0.000%	4/4/2022	285,000	284,708	US Bank/CAMP	0.16%	284,712
Credit Agricole CIB NY Comm Paper - Coupon Rate 0.000%	4/29/2022	300,000	299,771	US Bank/CAMP	0.14%	299,686
Corporate Notes		2,160,000	2,177,983			2,194,108
Barclays Bank PLC NY CD- Coupon Rate 0.290%	2/4/2022	190,000	190,028	US Bank/CAMP	0.29%	190,000
Certificate of Deposit		190,000	190,028			190,000
MBalt 2018-1 A3 - Coupon Rate 3.030%	1/15/2023	477	477	US Bank/CAMP	3.03%	476
MBalt 2021-1 A3 - Coupon Rate 0.250%	1/16/2024	15,000	14,977	US Bank/CAMP	0.25%	14,998
BMWLT 2021-1 A3 - Coupon Rate 0.290%	1/25/2024	15,000	14,983	US Bank/CAMP	0.29%	15,000
BMWLT 2021-1 A3 - Coupon Rate 0.290%	1/25/2024	55,000	54,938	US Bank/CAMP	0.31%	54,976
FordL 2021-A A3 - Coupon Rate 0.260%	2/15/2024	25,000	24,958	US Bank/CAMP	0.26%	24,997
Carmx 2021-1 A2A- Coupon Rate 0.220%	2/15/2024	52,985	52,977	US Bank/CAMP	0.24%	52,952
GMALT 2021-1 A3 - Coupon Rate 0.260%	2/20/2024	30,000	29,936	US Bank/CAMP	0.26%	29,997
FordO 2019-C A3 - Coupon Rate 1.870%	3/15/2024	35,146	35,417	US Bank/CAMP	1.38%	35,633
Woart 2021-C A2 - Coupon Rate 0.220%	9/16/2024	55,000	54,950	US Bank/CAMP	0.22%	54,999
FordL 2021-B A3 - Coupon Rate 0.370%	10/15/2024	60,000	59,656	US Bank/CAMP	0.38%	59,989
Harot 2021-A A3 - Coupon Rate 0.270%	4/21/2025	25,000	24,916	US Bank/CAMP	0.27%	25,000
Fordo 2021-A A3 - Coupon Rate 0.300%	8/15/2025	30,000	29,866	US Bank/CAMP	0.30%	29,997
Harot 2021-2 A3 - Coupon Rate 0.330%	8/15/2025	40,000	39,816	US Bank/CAMP	0.33%	39,998
GMCar 2021-1 A3 - Coupon Rate 0.350%	10/16/2025	15,000	14,939	US Bank/CAMP	0.35%	14,998
Harot 2021-3 A3 - Coupon Rate 0.410%	11/18/2025	40,000	39,700	US Bank/CAMP	0.41%	39,999
Carmx 2021-1 A3 - Coupon Rate 0.340%	12/15/2025	15,000	14,918	US Bank/CAMP	0.34%	14,997
Harot 2021-4 A3 - Coupon Rate 0.880%	1/21/2026	25,000	24,997	US Bank/CAMP	0.89%	24,995
TAOT 2021-D A3 - Coupon Rate 0.710%	4/15/2026	30,000	29,904	US Bank/CAMP	0.71%	29,999
Hart 2021-C A3 - Coupon Rate 0.740%	5/15/2026	20,000	19,932	US Bank/CAMP	0.75%	19,996
COPAR 2021-1 A3 - Coupon Rate 0.770%	9/15/2026	25,000	24,930	US Bank/CAMP	0.77%	25,000
DCENT 2021-A1 A1 - Coupon Rate 0.580%	9/15/2025	55,000	54,187	US Bank/CAMP	0.58%	54,988
GMCar 2021-14 A3 - Coupon Rate 0.680%	9/16/2026	25,000	24,848	US Bank/CAMP	0.68%	24,999
Comet 2021-A3 A3 - Coupon Rate 1.040%	11/16/2026	50,000	50,010	US Bank/CAMP	1.04%	49,993
CAMP Money Market Fund	NA	NA	74,655	US Bank/CAMP	0.05%	74,655
Asset Based Securities & Money Market		738,607	810,885			813,633
Total Camp Investments		9,490,156	9,574,139			9,625,375



LIQUIDITY					
November 30, 2021			June 30, 2021		
	\$	%		\$	%
DEMAND	\$ 10,866,444	53.22%		\$ 12,245,220	61.74%
30 Days	\$ -	0.00%		\$ 208,880	1.05%
31-180 Days	\$ 774,399	3.79%		\$ 1,161,829	5.86%
181 - 360	\$ 2,094,340	10.26%		\$ 1,771,413	8.93%
361-1800 Days	\$ 6,681,982	32.73%		\$ 4,447,532	22.42%
TOTAL	\$ 20,417,164	100.00%		\$ 19,834,874	100.00%

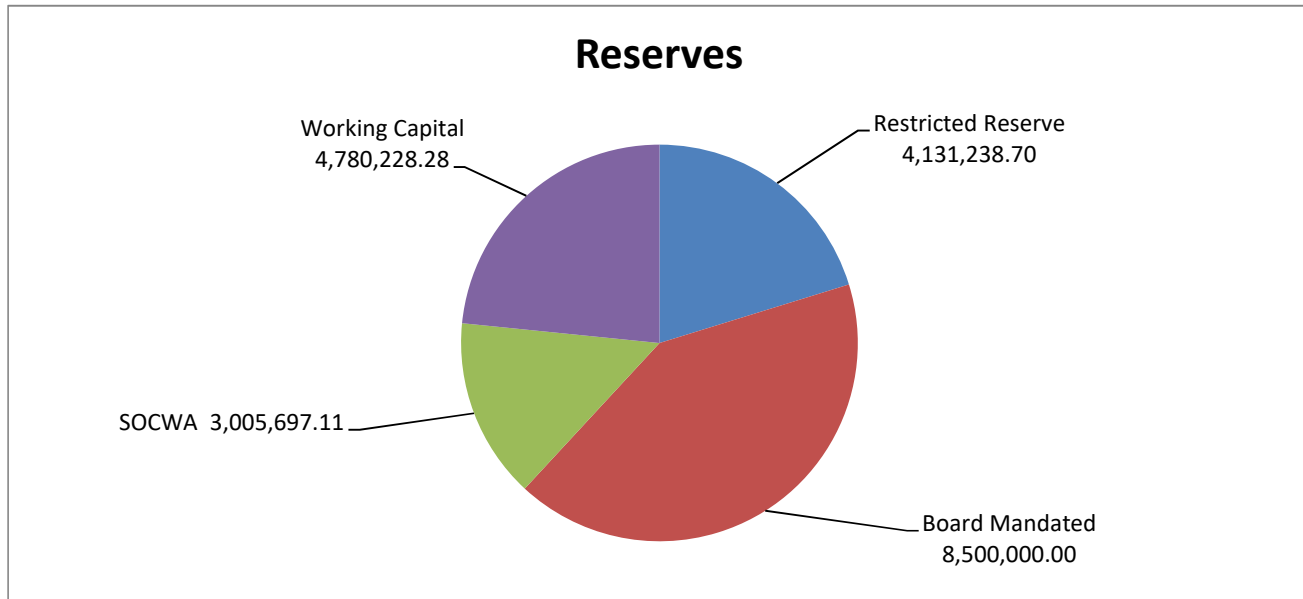
\* The portfolio is in compliance with the investment policy.

\*\* PFM Investment Advisory Services (10bp on first \$25 mm, 8bp over)

# EL TORO WATER DISTRICT

## RESERVE ANALYSIS

30-Nov-21



Restricted Reserve	\$	4,131,239
Board Mandated	\$	8,500,000
SOCWA	\$	3,005,697
Capital Cash Flow / Compliance	\$	4,780,228
<b>Total</b>	<b>\$</b>	<b>20,417,164</b>

### Restricted Reserve

State Revolving Fund Loans	\$	2,270,150
Capital Facilities Reserve	\$	2,895
Tiered Cons Fund	\$	1,073,158
Baker Funding	\$	785,036
<b>Total</b>	<b>\$</b>	<b>4,131,239</b>

### Board Mandated Minimum Reserve Levels

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

Six months operating expense requirement:	\$12,800,791
Cash less restricted reserve on hand:	\$16,285,925

ETWD has the ability to meet its expenditure requirements for the next six months.

## EL TORO WATER DISTRICT CHANGE IN RESERVES

	<u>November 30, 2021</u>	<u>Year to Date</u>	<u>Year Ended June 30, 2021</u>
Operating Revenue	1,963,069	11,857,624	26,393,477
Non-operating Revenue	173,992	814,442	1,724,396
Total Revenue	<u>2,137,061</u>	<u>12,672,066</u>	<u>28,117,873</u>
Operating Expenses	1,767,273	9,645,284	22,725,135
Depreciation & Amortization	355,912	1,779,562	4,306,266
Non-operating Expenses	59,295	296,473	150,757
Total Expenses	<u>2,182,480</u>	<u>11,721,319</u>	<u>27,182,158</u>
NET INCOME	(45,419)	950,747	935,715
Add Depreciation & Amortization	355,912	1,779,562	4,072,824
Net Cash Provided by Operating Activities	521,368	(2,152,123)	(2,926,654)
Net Cash Provided by Investing Activities	(78,160)	(793,943)	(2,593,027)
Net Cash Provided by Financing Activities	-	-	-
Net Increase/(Decrease) Cash for the Period	<u>753,702</u>	<u>(215,757)</u>	<u>(511,142)</u>
Cash at End of Period from Balance Sheet		9,946,548	
Restricted Cash		10,419,957	
Unrealized (Gains)/Losses Fair Market Value		<u>(604)</u>	
Cash at End of Period		20,365,901	
Net (Increase)/Decrease Cash for the Period		(753,702)	
Net (Increase)/Decrease in Restricted Cash for the Period		(118,533)	
Net Increase/(Decrease) in Unrealized Gains/(Losses) Fair Market Value		(26,864)	
Void Checks in Prior Period		<u>(3,582)</u>	
Cash at Beginning of Period		19,463,220	



**EL TORO WATER DISTRICT**  
**Cash Sheet**  
**For the month ending November 30, 2021**

<b>CHECK NUMBER</b>	<b>PAYMENT DATE</b>	<b>VENDOR NAME</b>	<b>PAYMENT AMOUNT</b>
91357	11/04/2021	MUNICIPAL WATER DISTRICT OF ORANGE CO.	651,064.09
91374	11/10/2021	ACWA HEALTH BENEFITS AUTHORITY	129,260.16
<b>TOTAL CHECKS OVER \$50,000</b>			<b>\$ 780,324.25</b>
<b>TOTAL CHECKS IN REGISTER</b>			<b>\$ 1,118,357.87</b>

**DEBIT TRANSFERS**

11/05/2021	PAYROLL DIRECT DEPOSIT	141,896.40
11/05/2021	FEDERAL DEPOSIT LIABILITY	35,957.09
11/05/2021	SDI & STATE TAX	13,639.00
11/05/2021	WAGE GARNISHMENTS	585.00
11/05/2021	PRUDENTIAL (401K)	56,603.77
11/05/2021	PRUDENTIAL (457)	16,806.94
11/15/2021	PAYROLL BOARD OF DIRECTOR	6,369.01
11/15/2021	SS, MEDICARE, SDI & STATE TAX	1,999.45
11/15/2021	PRUDENTIAL (457)	2,788.96
11/19/2021	PAYROLL DIRECT DEPOSIT	144,595.82
11/19/2021	FEDERAL DEPOSIT LIABILITY	44,147.67
11/19/2021	SDI & STATE TAX	16,631.83
11/19/2021	WAGE GARNISHMENTS	585.00
11/19/2021	PRUDENTIAL (401K)	65,266.76
11/19/2021	PRUDENTIAL (457)	15,998.43
11/30/2021	ADP AND BANK FEES	7,974.44
<b>TOTAL INTERBANK WIRES / DEBIT TRANSFERS</b>		<b>\$ 571,845.57</b>

**TOTAL DISBURSEMENTS \$ 1,690,203.44**

**REIMBURSEMENTS TO ETWD EMPLOYEES**

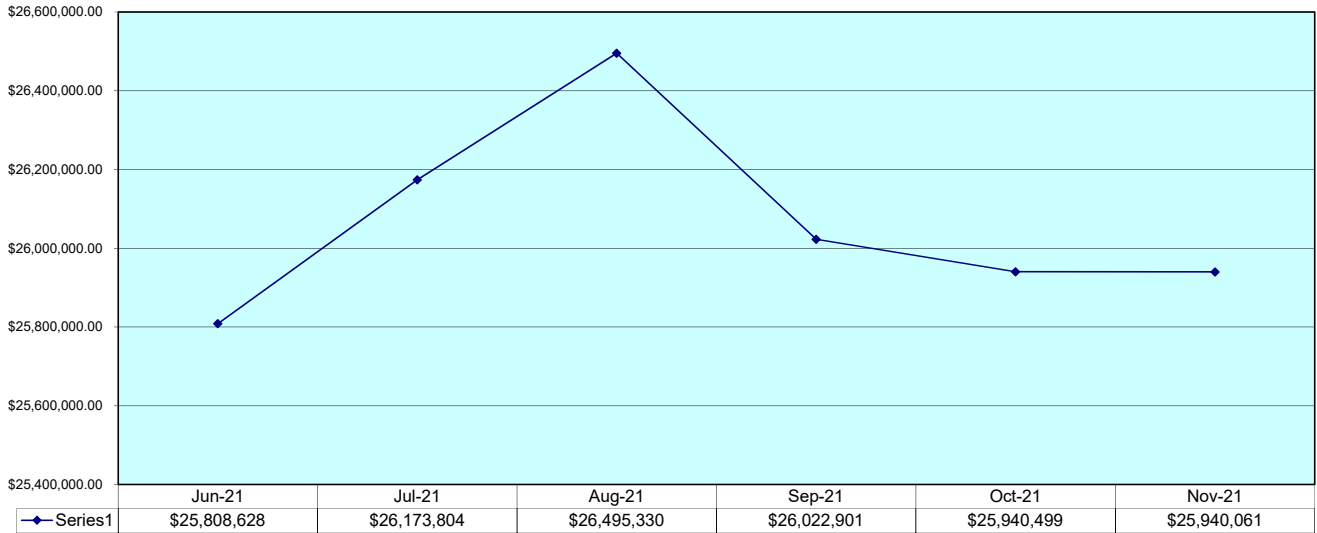
<b>CHECK NUMBER</b>	<b>PAYMENT DATE</b>	<b>PAYEE (DESCRIPTION)</b>	<b>PAYMENT AMOUNT</b>
91354	11/04/2021	HANNAH FORD (Travel expenses and license renewal)	1,016.10
91435	11/18/2021	ROMAN KOCIBAN (Certification)	299.00
91400	11/10/2021	RICK BROWN (Work boots)	290.90
91366	11/04/2021	ROBERT HAZZARD (Certification)	288.00
91348	11/04/2021	CESAR CASSANI (Certification)	210.00
91384	11/10/2021	DAVE HAYDEN (CWEA membership)	192.00
91449	11/18/2021	MARISOL MELENDEZ (Flowers for bereavement)	113.61
91456	11/24/2021	NICHOLAS CARRERA (Medical)	75.00
<b>TOTAL CHECKS TO EMPLOYEES</b>			<b>\$ 2,484.61</b>

**REINBURSEMENTS TO ETWD DIRECTORS**

<b>CHECK NUMBER</b>	<b>PAYMENT DATE</b>	<b>PAYEE (DESCRIPTION)</b>	<b>PAYMENT AMOUNT</b>
91424	11/18/2021	KATHERINE HAVENS (Travel Expenses)	22.96
<b>TOTAL CHECKS TO DIRECTORS</b>			<b>\$ 22.96</b>

## EL TORO WATER DISTRICT 401K PLAN SUMMARY

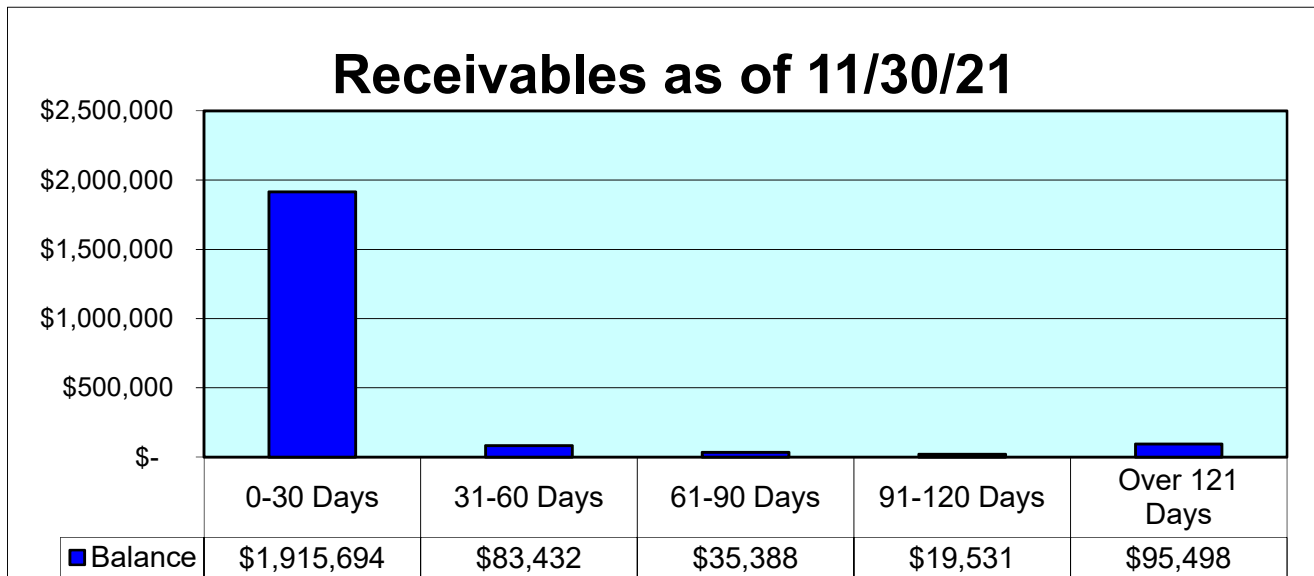
### 401K PLAN MARKET VALUE



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 June 30, 2021	\$ 2,516,132.58	\$931,857.47	\$871,612.09	\$6,330,364.56	\$8,272,782.08	\$5,493,756.18	\$1,392,123.44
Contributions	131,509.89	43,093.21	57,326.73	60,648.28	131,227.74	129,713.81	62,763.97
Withdrawals	0.00	0.00	0.00	0.00	(676,063.27)	(4,305.00)	(61,663.54)
Transfers	(745,997.45)	644,927.49	101,069.96	(2,550,556.21)	789,398.55	1,375,194.76	385,962.90
Interest, dividends and appreciation net of fees and charges	43,624.02	31,811.73	(30,785.51)	60,530.52	95,890.50	56,217.15	(107.46)
Balance at November 30, 2021	\$ 1,945,269.04	\$1,651,689.90	\$999,223.27	\$3,900,987.15	\$8,613,235.60	\$7,050,576.90	\$1,779,079.31
Average return YTD November 30, 2021	1.73%	3.41%	-3.53%	0.96%	1.16%	1.02%	-0.01%

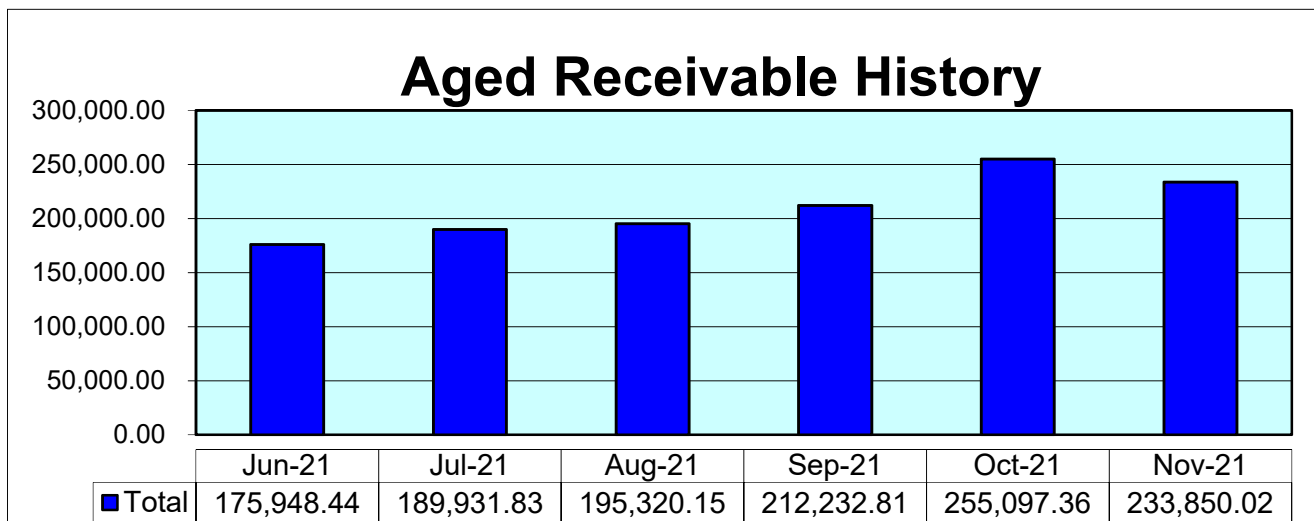
Average return is calculated by dividing the interest, dividends and appreciation, net of fees by beginning fiscal year fund balance.

## RECEIVABLES AGEING



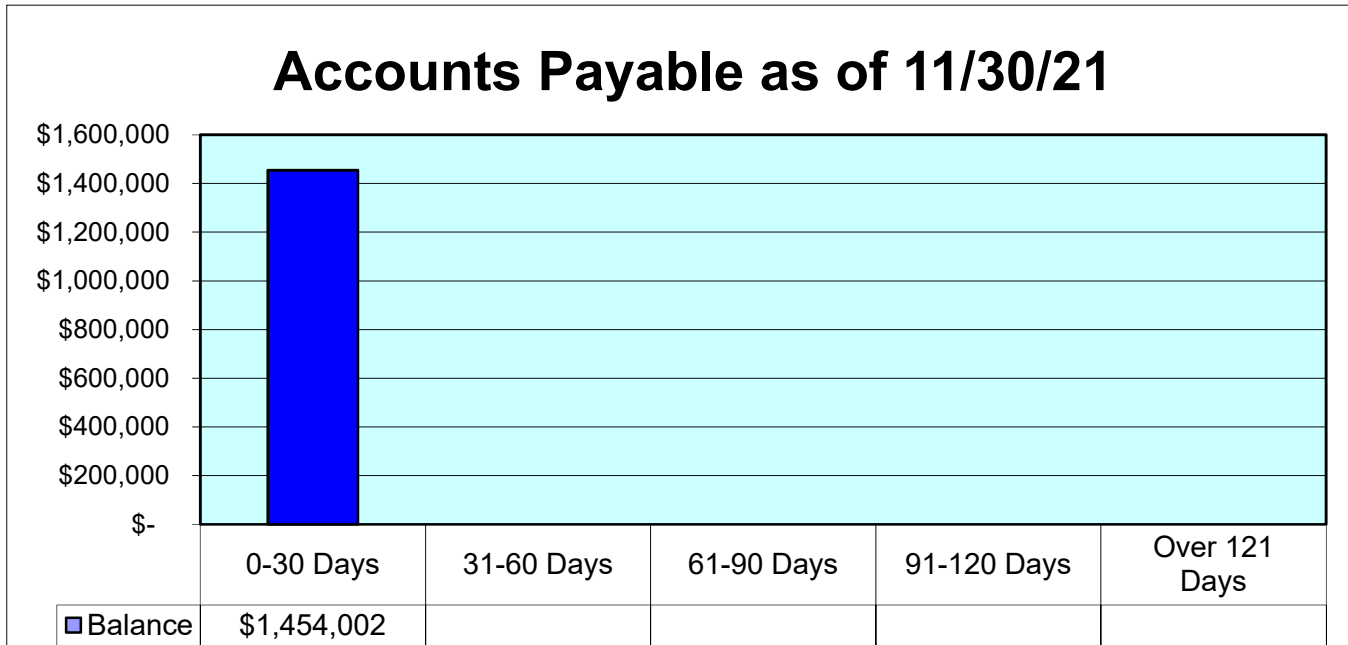
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	Over 121 Days
Nov-20	1,456,753	92,212	45,000	13,988	44,315

Bad Debts Year to Date: 1,199.49



Total receivables greater than 30 Days

	31-60 Days	61-90 Days	91-120 Days	Over 121 Days	Total
Jun-21	72,550.13	26,112.09	14,393.41	62,892.81	175,948.44
Jul-21	76,309.78	28,777.71	15,490.65	69,353.69	189,931.83
Aug-21	76,551.23	30,465.15	15,824.39	72,479.38	195,320.15
Sep-21	83,213.57	32,333.09	18,923.16	77,762.99	212,232.81
Oct-21	119,232.14	30,349.44	18,901.53	86,614.25	255,097.36
Nov-21	83,432.31	35,387.77	19,531.49	95,498.45	233,850.02

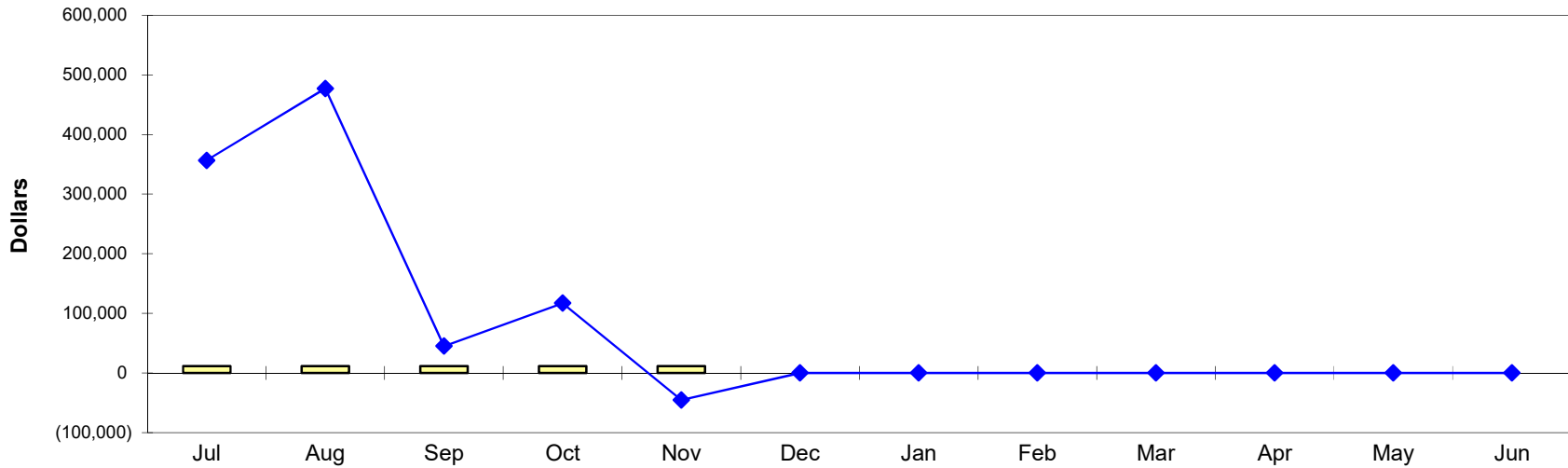
**PAYABLES AGEING**

Year to Date Discounts Taken:                     \$619

Page 11  
El Toro Water District  
Income Statement  
November 2021

	Nov 21	Budget	% of Budget	Jul - Nov 20	Jul - Nov 21	YTD Budget	% of Budget	Annual Budget
Income								
4600 · Water Service Charge	351,324.38	352,427.49	99.69%	1,540,249.87	1,727,240.13	1,762,137.45	98.02%	4,229,130.00
4700 · Sanitary Service	669,462.62	686,461.43	97.52%	3,219,756.09	3,408,147.09	3,432,307.15	99.3%	8,237,537.00
4722 · Recycled Water Tertiary Sales	54,213.30	150,935.17	35.92%	962,164.18	994,277.90	754,675.85	131.75%	1,811,222.00
4724 · Service Charge - Recycled Water	31,141.60	32,325.00	96.34%	117,969.34	152,262.44	161,625.00	94.21%	387,900.00
4750 · Capital Facilities Charge	250,586.33	252,122.00	99.39%	1,252,422.50	1,252,626.44	1,260,610.00	99.37%	3,025,468.00
4800 · Commodity Charge	605,055.77	770,280.00	78.55%	4,503,362.88	4,296,778.48	3,851,400.00	111.56%	9,243,364.00
4950 · Other Operating Income	1,285.40	4,583.00	28.05%	6,335.00	15,291.46	22,915.00	66.73%	55,000.00
4960 · Other Income	77,439.93	48,469.00	159.77%	249,487.33	373,991.06	242,338.00	154.33%	581,625.00
4967 · SMWD	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	0.00
4970 · Charges for Service/Facilities	0.00	11,126.00	0.0%	11,000.00	11,000.00	55,618.00	19.78%	133,500.00
4980 · Investment Income	3,216.41	8,333.00	38.6%	39,034.08	-22,578.87	41,665.00	-54.19%	100,000.00
4990 · Property Taxes	93,335.55	90,833.00	102.76%	447,269.45	463,029.74	454,161.00	101.95%	1,090,000.00
Total Income	2,137,061.29	2,407,895.09	88.75%	12,349,050.72	12,672,065.87	12,039,452.45	105.26%	28,894,746.00
Gross Profit	2,137,061.29	2,407,895.09	88.75%	12,349,050.72	12,672,065.87	12,039,452.45	105.26%	28,894,746.00
Expense								
5100 · Personnel Cost	722,062.25	752,739.00	95.93%	3,289,969.39	3,537,152.53	3,763,627.00	93.98%	9,032,900.00
5405 · Water Purchases	563,498.92	677,626.40	83.16%	3,636,913.41	3,537,794.96	3,388,131.93	104.42%	8,131,516.73
5410 · Electrical Power	137,289.53	104,216.69	131.74%	574,193.15	675,066.58	521,083.17	129.55%	1,250,600.00
5415 · Repair Parts & Materials	13,275.57	34,308.29	38.7%	111,358.19	152,072.97	171,541.97	88.65%	411,700.00
5420 · Equipment Maintenance & Repair	7,726.55	8,283.35	93.28%	46,829.85	37,035.65	41,416.55	89.42%	99,400.00
5425 · Pump Maintenance & Repair	0.00	6,958.34	0.0%	30,891.56	12,406.50	34,791.62	35.66%	83,500.00
5430 · Motor Maintenance & Repair	0.00	3,375.01	0.0%	1,184.95	0.00	16,874.93	0.0%	40,500.00
5440 · Electrical/Contl Maint & Repair	234.68	7,641.65	3.07%	33,698.08	7,626.26	38,208.45	19.96%	91,700.00
5445 · Meter Maintenance & Repair	0.00	833.34	0.0%	1,672.52	5,173.46	4,166.62	124.16%	10,000.00
5455 · Chemicals	15,233.89	19,249.99	79.14%	80,857.80	91,612.78	96,250.07	95.18%	231,000.00
5460 · Structure Maint & Repair	3,152.11	1,862.53	169.24%	17,407.05	18,760.25	9,312.29	201.46%	22,350.00
5465 · Asphalt Maintenance & Repair	0.00	6,416.68	0.0%	6,160.00	0.00	32,083.24	0.0%	77,000.00
5470 · Consultants	2,720.95	5,125.00	53.09%	10,367.10	16,866.50	25,625.00	65.82%	61,500.00
5475 · Contractors	102,819.73	101,524.97	101.28%	501,183.25	501,670.43	507,625.21	98.83%	1,218,300.00
5480 · Engineers	3,342.37	5,333.33	62.67%	94,585.02	8,009.87	26,666.69	30.04%	64,000.00
5482 · Dump Fees	1,722.57	1,500.00	114.84%	7,497.82	3,583.73	7,500.00	47.78%	18,000.00
5485 · Laboratory	1,770.00	2,775.00	63.78%	8,482.65	14,263.09	13,875.00	102.8%	33,300.00
5490 · License & Permits	7,877.01	15,116.68	52.11%	34,407.89	20,275.17	75,583.24	26.83%	181,400.00
5495 · Gas & Oil	8,743.20	8,500.00	102.86%	38,935.98	46,752.52	42,500.00	110.01%	102,000.00
5500 · Equipment Rental	1,622.21	1,616.67	100.34%	7,882.36	6,031.47	8,083.31	74.62%	19,400.00
5505 · Landscaping	31,616.22	13,683.34	231.06%	28,608.34	68,882.73	68,416.62	100.68%	164,200.00
5510 · Small Tools & Equipment	6,307.03	6,116.69	103.11%	24,146.45	22,089.07	30,583.17	72.23%	73,400.00
5515 · Security	0.00	1,600.01	0.0%	6,397.52	1,608.84	7,999.93	20.11%	19,200.00
5520 · Operating Supplies	2,456.94	4,933.33	49.8%	32,743.56	15,967.02	24,666.69	64.73%	59,200.00
5525 · Safety Equipment	2,147.03	3,458.32	62.08%	8,485.22	7,816.52	17,291.76	45.2%	41,500.00
5530 · Temporary Help	0.00	1,458.33	0.0%	0.00	0.00	7,291.69	0.0%	17,500.00
5535 · Other Employee Cost	15,263.97	11,333.33	134.68%	97,031.14	53,465.33	56,666.69	94.35%	136,000.00
5540 · Depreciation	355,342.00	362,500.00	98.03%	1,791,425.00	1,776,710.00	1,812,500.00	98.03%	4,350,000.00
5545 · Insurance	24,561.60	27,608.33	88.96%	131,210.31	141,362.29	138,041.69	102.41%	331,300.00
5548 · Retiree Medical Insurance	22,259.84	27,083.33	82.19%	111,698.39	115,788.35	135,416.69	85.51%	325,000.00
5555 · Advertising & Publicity	0.00	166.67	0.0%	6,200.00	0.00	833.31	0.0%	2,000.00
5560 · Amortization	570.49	575.00	99.22%	2,852.45	2,852.45	2,875.00	99.22%	6,900.00
5570 · Annual Event	0.00	500.00	0.0%	0.00	0.00	2,500.00	0.0%	6,000.00
5575 · Audit	0.00	2,141.67	0.0%	20,700.00	16,900.00	10,708.31	157.82%	25,700.00
5580 · Bad Debts	0.00	1,666.67	0.0%	4,720.06	1,199.49	8,333.31	14.39%	20,000.00
5585 · Bank Charges	7,974.44	5,916.67	134.78%	25,344.73	31,058.10	29,583.31	104.99%	71,000.00
5590 · Data Processing Supply & Access	102.34	2,499.99	4.09%	9,772.41	5,201.44	12,500.07	41.61%	30,000.00
5595 · Data Processing Equipment	6,210.80	2,916.65	212.94%	9,706.02	21,096.61	14,583.45	144.66%	35,000.00
5600 · Data Processing Consultants	1,000.00	5,000.00	20.0%	1,800.00	5,153.58	25,000.00	20.61%	60,000.00
5605 · Directors Fees	10,950.00	10,583.33	103.47%	51,684.00	53,874.00	52,916.69	101.81%	127,000.00
5610 · Dues & Memberships	5,856.51	7,266.67	80.59%	33,074.74	45,171.32	36,333.31	124.33%	87,200.00
5615 · Education & Training	724.00	1,300.00	55.69%	3,443.60	7,384.49	6,500.00	113.61%	15,600.00
5620 · Election Expense	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	0.00
5625 · Employee Service Awards	0.00	316.67	0.0%	2,850.00	-703.04	1,583.31	-44.4%	3,800.00
5630 · Software Maintenance & Licenses	2,813.87	15,416.67	18.25%	54,117.99	89,482.39	77,083.31	116.09%	185,000.00
5640 · Interest Expense	59,294.54	59,833.33	99.1%	315,270.00	296,472.70	299,166.69	99.1%	718,000.00
5645 · Janitorial	6,715.49	3,750.00	179.08%	33,178.75	33,974.71	18,750.00	181.2%	45,000.00
5650 · Legal	1,131.02	8,791.66	12.87%	54,517.34	36,231.97	43,958.38	82.42%	105,500.00
5655 · Meets, Conventions & Travel	1,698.86	2,416.67	70.3%	4,710.28	11,660.80	12,083.31	96.5%	29,000.00
5657 · Meets, Con & Travel - Directors	2,581.94	3,658.31	70.58%	3,073.00	10,820.63	18,291.83	59.16%	43,900.00
5660 · Office Supplies	407.01	1,650.00	24.67%	8,383.04	8,475.74	8,250.00	102.74%	19,800.00
5665 · Office Support	3,156.77		100.0%		3,156.77			
5670 · Postage	165.00	1,716.67	9.61%	3,737.20	3,816.51	8,583.31	44.46%	20,600.00
5675 · Printing & Reproduction	32.31	1,550.00	2.09%	4,651.90	926.03	7,750.00	11.95%	18,600.00
5680 · Property Tax	2,936.96	425.00	691.05%	483.55	2,989.03	2,125.00	140.66%	5,100.00
5685 · Public Education & Outreach	4,059.01	19,683.33	20.62%	42,371.39	79,986.52	98,416.69	81.27%	236,200.00
5690 · Publications & Subscriptions	0.00	125.00	0.0%	0.00	0.00	625.00	0.0%	1,500.00
5695 · Communications	9,753.60	9,474.99	102.94%	45,207.22	50,163.48	47,375.07	105.89%	113,700.00
5700 · Utilities	1,299.20	2,150.00	60.43%	6,320.68	8,128.08	10,750.00	75.61%	25,800.00
Total Expense	2,182,480.33	2,396,269.55	91.08%	11,514,394.30	11,721,318.67	11,981,279.88	97.83%	28,755,266.73
	Nov 21	Budget	% of Budget	Jul - Nov 20	Jul - Nov 21	YTD Budget	% of Budget	Annual Budget
Net Income	-45,419.04	11,625.54	-390.68%	834,656.42	950,747.20	58,172.57	1,634.36%	139,479.27

**ANALYSIS OF REVENUE & EXPENSE**  
**Fiscal Year 2021/2022**

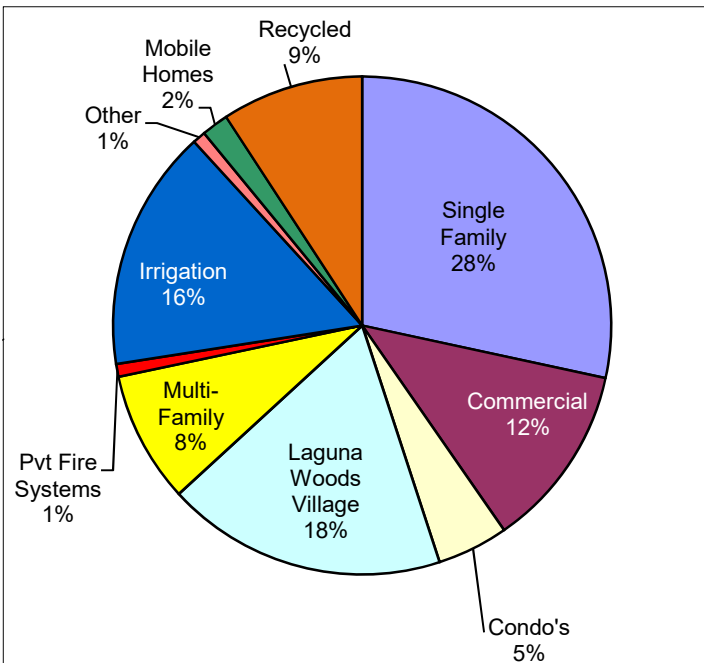
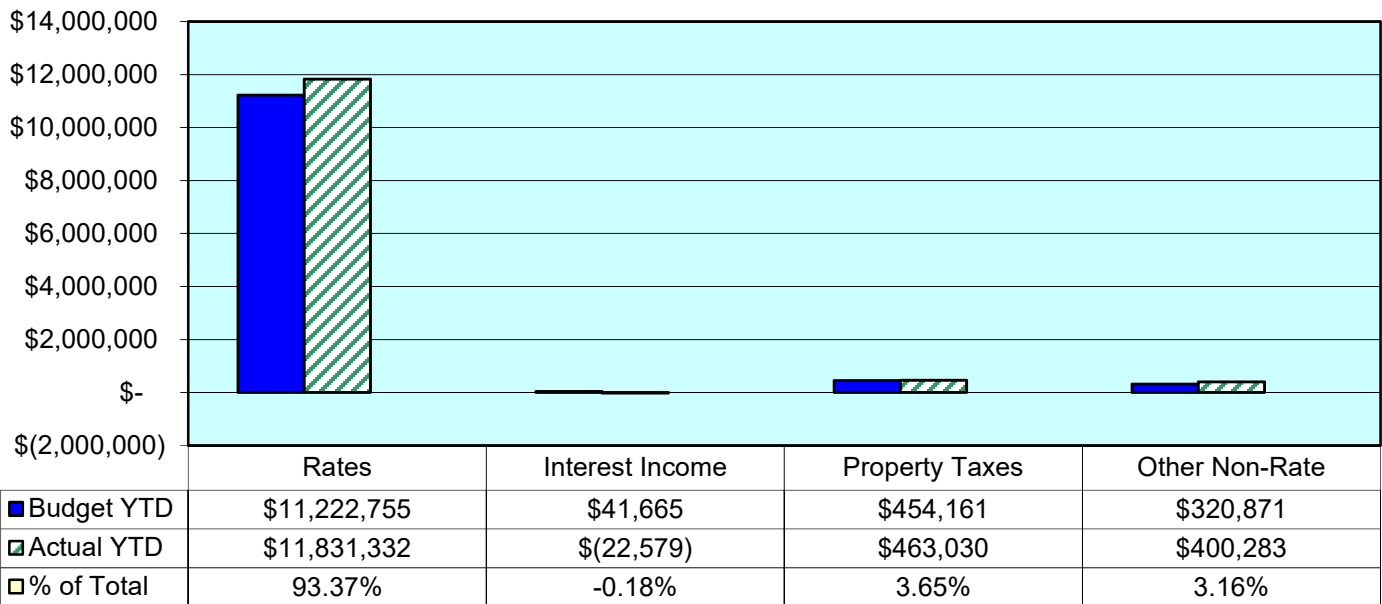


**ANALYSIS OF REVENUES & EXPENSES**  
**BUDGET COMPARED TO ACTUAL**  
**FISCAL YEAR 2021/2022**

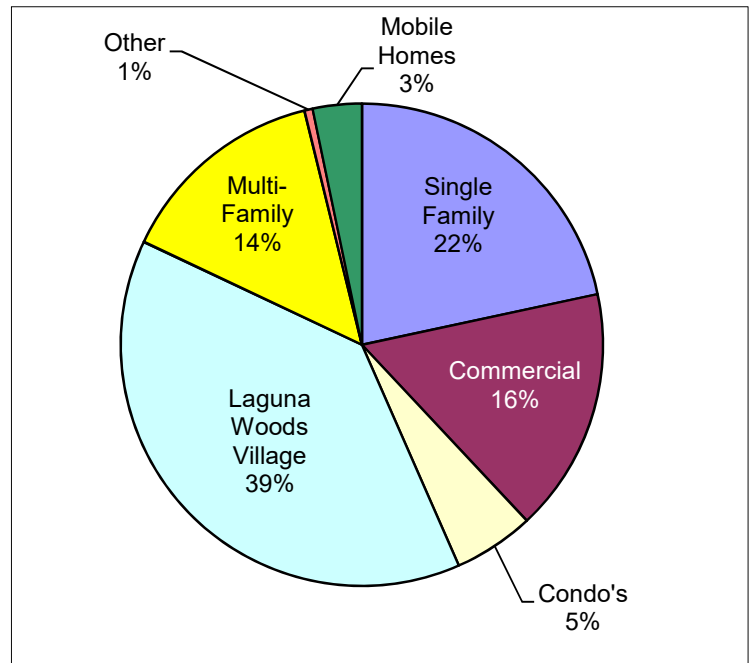
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>Budget</b>												
Revenue	2,407,889	2,407,889	2,407,889	2,407,890	2,407,895							
Expense	2,396,253	2,396,253	2,396,253	2,396,253	2,396,270							
Profit/Loss	11,636	11,637	11,637	11,638	11,626	0	0	0	0	0	0	0
<b>Actual</b>												
Revenue	2,694,337	2,834,487	2,557,301	2,448,880	2,137,061							
Expense	2,337,720	2,357,260	2,512,164	2,331,695	2,182,480							
Profit/Loss	356,617	477,227	45,137	117,185	(45,419)	0	0	0	0	0	0	0

## EL TORO WATER DISTRICT REVENUES FROM WATER & WASTE WATER SALES AS OF 11/30/21

### Where the Money Comes From



**WATER REVENUE YTD 2021/2022**



**WASTE WATER REVENUE YTD 2021/2022**

**EL TORO WATER DISTRICT  
REVENUE COMPARISON  
For the Month Ended November 30, 2021**

	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	\$ 250,586	\$ 252,122	\$ (1,536)	-1%	\$ 1,252,626	\$ 1,260,610	\$ (7,984)	-1%	\$ 3,025,468	\$ 1,772,842
Water sales - Commodity	605,056	770,280	(165,224)	-21%	4,296,778	3,851,400	445,378	12%	9,243,364	4,946,586
Water sales - Fixed Meter	351,324	352,427	(1,103)	0%	1,727,240	1,762,137	(34,897)	-2%	4,229,130	2,501,890
Waste water sales	669,463	686,461	(16,999)	-2%	3,408,147	3,432,307	(24,160)	-1%	8,237,537	4,829,390
Recycled water tertiary sales	54,213	150,935	(96,722)	-64%	994,278	754,676	239,602	32%	1,811,222	816,944
Service charge - Recycled water	31,142	32,325	(1,183)	-4%	152,262	161,625	(9,363)	-6%	387,900	235,638
TOTAL FROM RATES	1,961,784	2,244,551	(282,767)	-13%	11,831,332	11,222,755	608,577	5%	26,934,621	15,103,289
<u>Non-rate Revenue</u>										
Admin fee	1,265	1,600	(335)	-21%	15,172	8,000	7,172	90%	19,200	4,028
48 Hour notice fee	-	2,451	(2,451)	-100%	-	12,257	(12,257)	-100%	29,416.44	29,416
Restoration fee	-	370	(370)	-100%	-	1,850	(1,850)	-100%	4,440	4,440
Unpaid check fee	20	150	(130)	-87%	120	750	(630)	-84%	1,800	1,680
Cut lock fee	-	12	(12)	-100%	-	60	(60)	-100%	144	144
TOTAL NON-RATE	1,285	4,583	(3,298)	-72%	15,292	22,917	(7,625)	-33%	55,000	39,709
<u>Other Revenue</u>										
Investment Income	3,216	8,333	(5,117)	-61%	(22,579)	41,665	(64,244)	-154%	100,000	122,579
Property taxes	93,336	90,833	2,503	3%	463,030	454,161	8,869	2%	1,090,000	626,970
Other	77,440	48,469	28,970	60%	373,991	242,338	131,653	54%	581,625	207,634
TOTAL OTHER REVENUE	173,992	147,635	26,357	18%	814,442	738,164	76,278	10%	1,771,625	957,183
<u>Contract Service</u>										
Santa Margarita W. D.	-	-	-	0%	-	-	-	0%	0	0
Moulton Niguel W. D.	-	11,126	(11,126)	-100%	11,000	55,618	(44,618)	-80%	133,500	122,500
TOTAL CONTRACT SERVICES	-	11,126	(11,126)	-100%	11,000	55,618	(44,618)	-80%	133,500	122,500
 TOTAL REVENUE	 \$ 2,137,061	 \$ 2,407,895	 \$ (270,834)	 -11%	 \$ 12,672,066	 \$ 12,039,454	 \$ 632,612	 5%	 \$ 28,894,746	 \$ 16,222,680

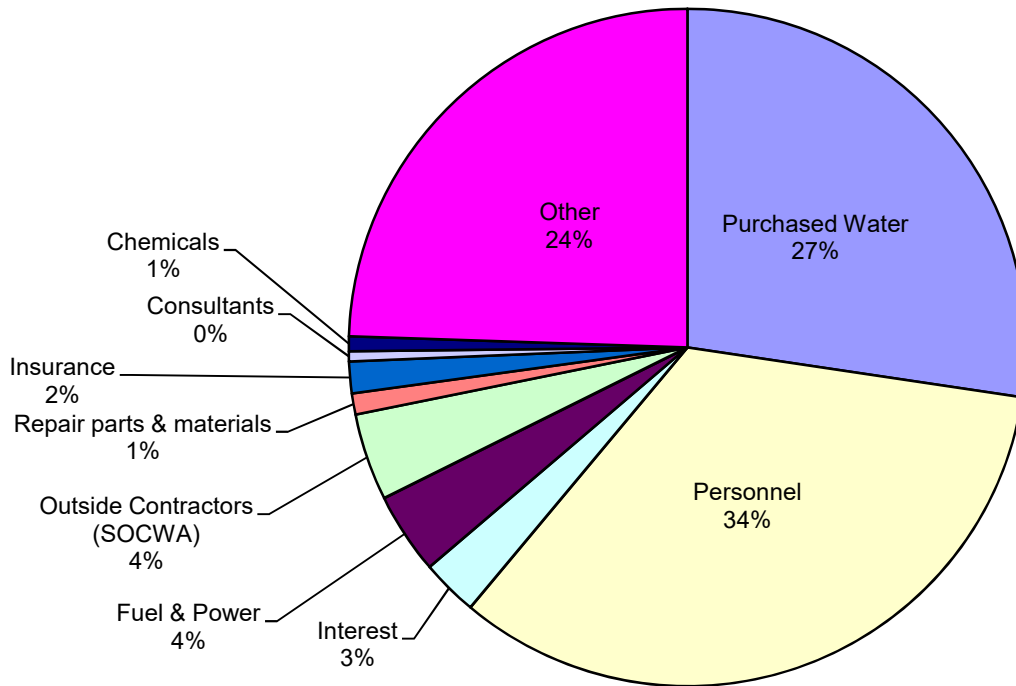


**EL TORO WATER DISTRICT  
NON-RATE REVENUE ANALYSIS  
FOR THE MONTH ENDING November 30, 2021**

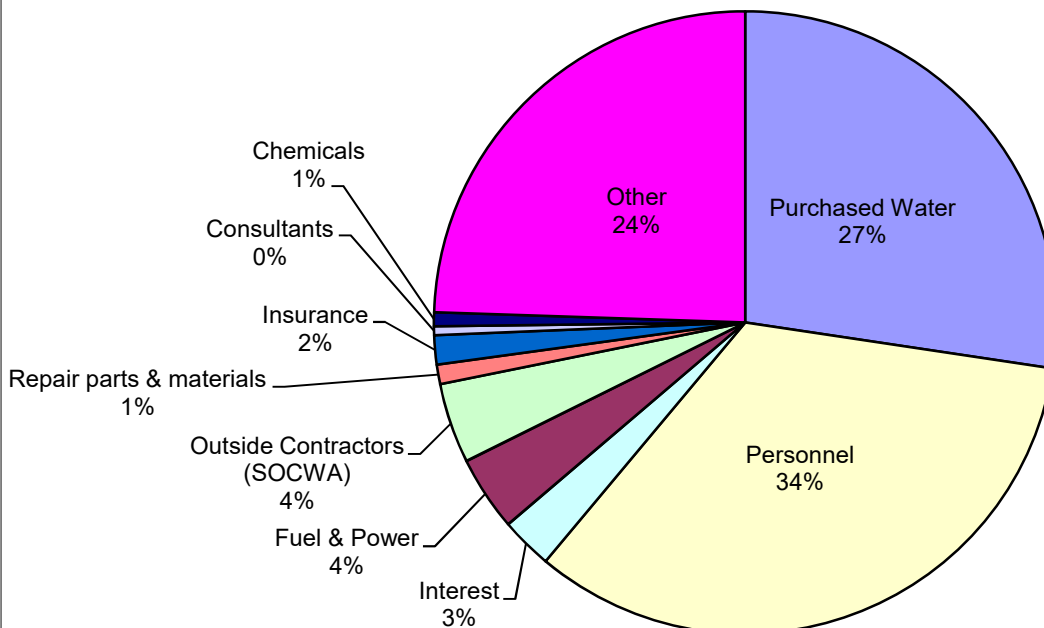
	Nov-21 Actual	Nov-21 Budget	Jul 21- Nov 21 YTD Actual	Jul 21- Nov 21 YTD Budget
Site Leases	29,161	19,582	97,198	97,910
MWD Recycled Water LRP Rebate	47,705	27,219	274,340	136,094
JPIA Refund	-	-	-	-
SOCWA Refund	-	-	-	-
Recycled Metal	-	-	1,221	-
Diesel Fuel Tax Refund	-	-	-	-
Sale of District Trucks	-	-	-	-
Purchase Discounts Taken	28	-	619	-
Misc Work for Customers	546	1,666	614	8,330
	<u>\$ 77,440</u>	<u>\$ 48,467</u>	<u>\$ 373,991</u>	<u>\$ 242,334</u>
<b>Other Operating Income</b>				
Sales to Santa Margarita	-		-	
Sales to Moulton Niguel	-		-	
	<u>-</u>		<u>-</u>	
<b>Total</b>	<u>77,440</u>		<u>373,991</u>	

## WHERE THE MONEY GOES

### YTD EXPENSES AT 11/30/21



### EXPENSES YEAR ENDING 6/30/21



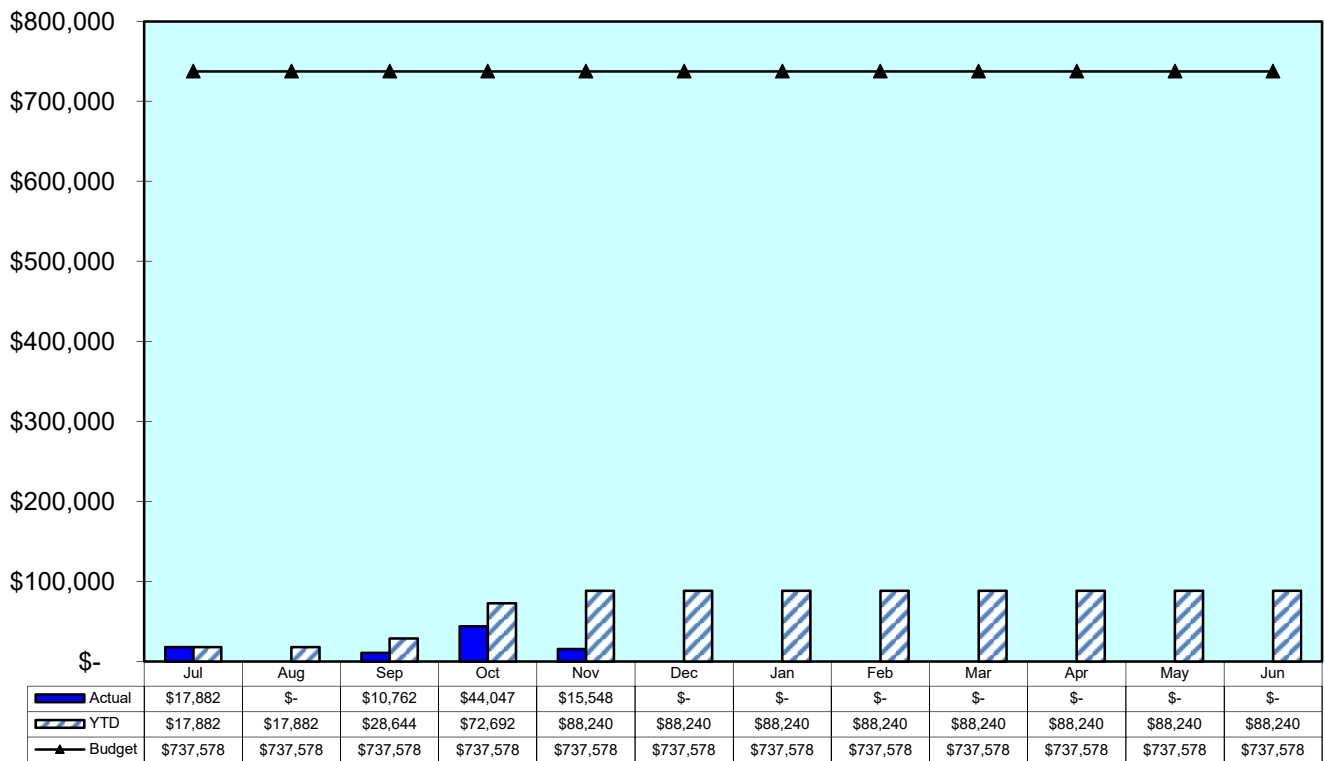
**EL TORO WATER DISTRICT**  
**Expense Comparison**  
**For the Month Ended November 30, 2021**

	ACTUAL	CURRENT MONTH BUDGET	VARIANCE DOLLARS	% +/-	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE DOLLARS	% +/-	Annual BUDGET	REMAINING BUDGET
<b><u>Operating Expenses</u></b>										
Personnel cost	\$722,062	\$752,739	\$30,677	4%	\$3,537,153	\$3,763,627	\$226,474	6%	\$9,032,900	5,495,747
Purchased water	563,499	677,626	114,127	17%	3,537,795	3,388,132	(149,663)	-4%	8,131,517	4,593,722
Electrical power	137,290	104,217	(33,073)	-32%	675,067	521,083	(153,983)	-30%	1,250,600	575,533
Repair parts & materials	13,276	34,308	21,033	61%	152,073	171,542	19,469	11%	411,700	259,627
Equipment repairs & maintenance	7,727	8,283	557	7%	37,036	41,417	4,381	11%	99,400	62,364
Pump repairs & maintenance	0	6,958	6,958	100%	12,407	34,792	22,385	64%	83,500	71,094
Motor repairs & maintenance	0	3,375	3,375	100%	0	16,875	16,875	100%	40,500	40,500
Electrical repairs & maintenance	235	7,642	7,407	97%	7,626	38,208	30,582	80%	91,700	84,074
Meter repairs & maintenance	0	833	833	100%	5,173	4,167	(1,007)	-24%	10,000	4,827
Chemicals	15,234	19,250	4,016	21%	91,613	96,250	4,637	5%	231,000	139,387
Structure repairs & maintenance	3,152	1,863	(1,290)	-69%	18,760	9,312	(9,448)	-101%	22,350	3,590
Asphalt repairs & maintenance	0	6,417	6,417	100%	0	32,083	32,083	100%	77,000	77,000
Consultants - outside	2,721	5,125	2,404	47%	16,867	25,625	8,759	34%	61,500	44,634
Contractors - outside	102,820	101,525	(1,295)	-1%	501,670	507,625	5,955	1%	1,218,300	716,630
Engineers - outside	3,342	5,333	1,991	37%	8,010	26,667	18,657	70%	64,000	55,990
Dump fees	1,723	1,500	(223)	-15%	3,584	7,500	3,916	52%	18,000	14,416
Laboratories	1,770	2,775	1,005	36%	14,263	13,875	(388)	-3%	33,300	19,037
License & permits	7,877	15,117	7,240	48%	20,275	75,583	55,308	73%	181,400	161,125
Automotive fuel & oil	8,743	8,500	(243)	-3%	46,753	42,500	(4,253)	-10%	102,000	55,247
Equipment rental	1,622	1,617	(6)	0%	6,031	8,083	2,052	25%	19,400	13,369
Landscaping	31,616	13,683	(17,933)	-131%	68,883	68,417	(466)	-1%	164,200	95,317
Small tools & equipment	6,307	6,117	(190)	-3%	22,089	30,583	8,494	28%	73,400	51,311
Security	0	1,600	1,600	100%	1,609	8,000	6,391	80%	19,200	17,591
Operating supplies	2,457	4,933	2,476	50%	15,967	24,667	8,700	35%	59,200	43,233
Safety equipment	2,147	3,458	1,311	38%	7,817	17,292	9,475	55%	41,500	33,683
Temporary help	0	1,458	1,458	100%	0	7,292	7,292	100%	17,500	17,500
Other employee cost	15,264	11,333	(3,931)	-35%	53,465	56,667	3,201	6%	136,000	82,535
Employee service awards	0	317	317	100%	(703)	1,583	2,286	144%	3,800	4,503
Education & training	724	1,300	576	44%	7,384	6,500	(884)	-14%	15,600	8,216
<b>Total Operating Expenses</b>	<b>1,651,607</b>	<b>1,809,203</b>	<b>157,596</b>	<b>9%</b>	<b>8,868,666</b>	<b>9,045,946</b>	<b>177,280</b>	<b>2%</b>	<b>21,710,467</b>	<b>12,841,801</b>

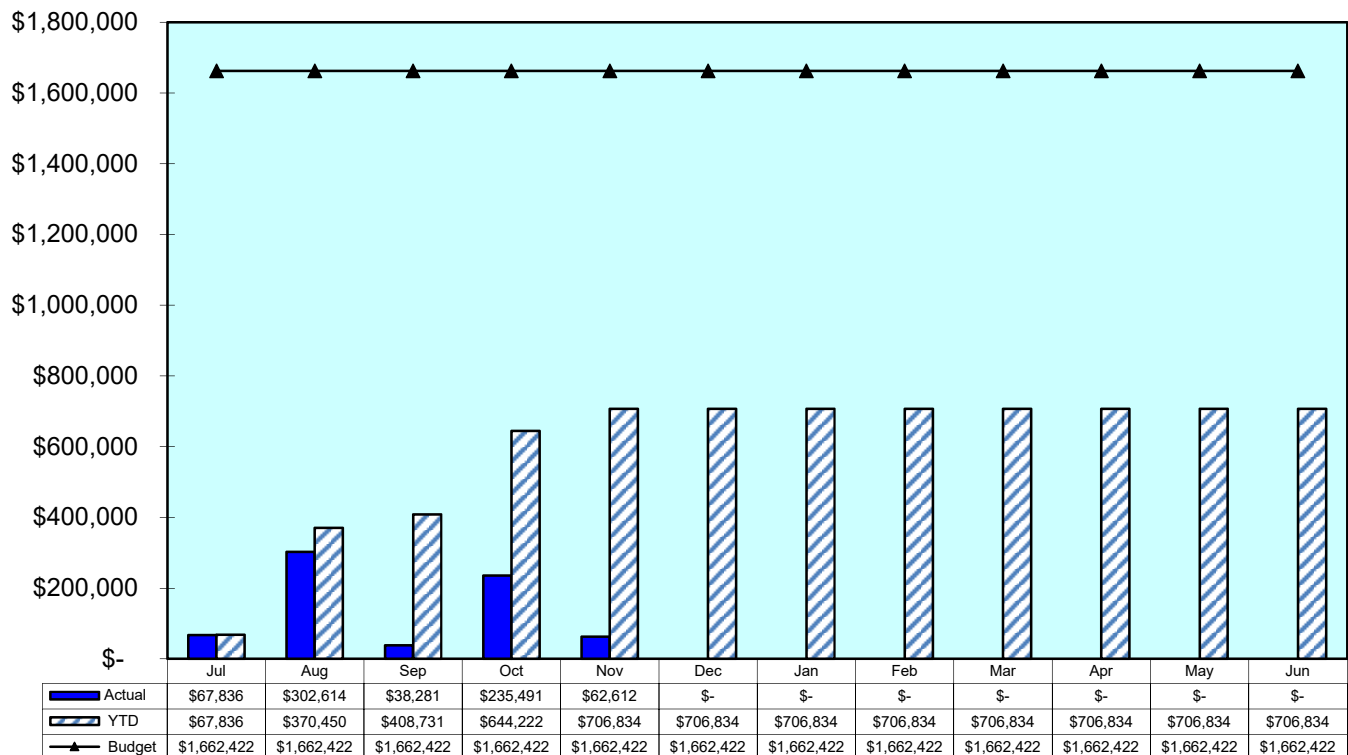
**EL TORO WATER DISTRICT**  
**Expense Comparison**  
**For the Month Ended November 30, 2021**

	ACTUAL	CURRENT MONTH BUDGET	VARIANCE DOLLARS	% +/-	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE DOLLARS	% +/-	Annual BUDGET	REMAINING BUDGET
<b><u>Indirect Cost</u></b>										
Depreciation	355,342	362,500	7,158	2%	1,776,710	1,812,500	35,790	2%	4,350,000	2,573,290
Amortization	570	575	5	1%	2,852	2,875	23	1%	6,900	4,048
Insurance	24,562	27,608	3,047	11%	141,362	138,042	(3,321)	-2%	331,300	189,938
Retiree Medical Insurance	22,260	27,083	4,823	18%	115,788	135,417	19,628	14%	325,000	209,212
Data processing supplies & assc.	102	2,500	2,398	96%	5,201	12,500	7,299	58%	30,000	24,799
Data processing equipment	6,211	2,917	(3,294)	-113%	21,097	14,583	(6,513)	-45%	35,000	13,903
Data processing consultants	1,000	5,000	4,000	80%	5,154	25,000	19,846	79%	60,000	54,846
Software maintenance & licenses	2,814	15,417	12,603	82%	89,482	77,083	(12,399)	-16%	185,000	95,518
Janitorial	6,715	3,750	(2,965)	-79%	33,975	18,750	(15,225)	-81%	45,000	11,025
Printing & reproduction	32	1,550	1,518	98%	926	7,750	6,824	88%	18,600	17,674
Publications & subscriptions	0	125	125	100%	0	625	625	100%	1,500	1,500
Communications - voice	1,520	1,333	(187)	-14%	5,919	6,667	748	11%	16,000	10,081
Communications - data	5,276	5,058	(218)	-4%	26,721	25,292	(1,429)	-6%	60,700	33,979
Communications - mobile	2,957	3,083	126	4%	17,524	15,417	(2,107)	-14%	37,000	19,476
Utilities	1,299	2,150	851	40%	8,128	10,750	2,622	24%	25,800	17,672
<b>Total Indirect Cost</b>	<b>430,662</b>	<b>460,650</b>	<b>29,988</b>	<b>7%</b>	<b>2,250,839</b>	<b>2,303,250</b>	<b>52,411</b>	<b>2%</b>	<b>5,527,800</b>	<b>3,276,961</b>
<b><u>Overhead Cost</u></b>										
Annual events	0	500	500	100%	0	2,500	2,500	100%	6,000	6,000
Audit	0	2,142	2,142	100%	16,900	10,708	(6,192)	-58%	25,700	8,800
Bad debts	-	1,667	1,667	100%	1,199	8,333	7,134	86%	20,000	18,801
Bank charges	7,974	5,917	(2,058)	-35%	31,058	29,583	(1,475)	-5%	71,000	39,942
Directors fees	10,950	10,583	(367)	-3%	53,874	52,917	(957)	-2%	127,000	73,126
Dues & memberships	5,857	7,267	1,410	19%	45,171	36,333	(8,838)	-24%	87,200	42,029
Election Expense	0	0	0	0%	0	0	0	0%	0	0
Interest	59,295	59,833	539	1%	296,473	299,167	2,694	1%	718,000	421,527
Legal	1,131	8,792	7,661	87%	36,232	43,958	7,726	18%	105,500	69,268
Meetings, conventions & travel	1,699	2,417	718	30%	11,661	12,083	423	3%	29,000	17,339
Meets, con & travel - Directors	2,582	3,658	1,076	29%	10,821	18,292	7,471	41%	43,900	33,079
Office supplies	407	1,650	1,243	75%	8,476	8,250	(226)	-3%	19,800	11,324
Office support	3,157	-	(3,157)	0%	3,157	0	(3,157)	0%	0	(3,157)
Postage	165	1,717	1,552	90%	3,817	8,583	4,767	56%	20,600	16,783
Property taxes	2,937	425	(2,512)	-591%	2,989	2,125	(864)	-41%	5,100	2,111
Advertising & Publicity	0	167	167	100%	-	833	833	100%	2,000	2,000
Public education & outreach	4,059	19,683	15,624	79%	79,987	98,417	18,430	19%	236,200	156,213
<b>Total Overhead Cost</b>	<b>100,212</b>	<b>126,417</b>	<b>26,205</b>	<b>21%</b>	<b>601,814</b>	<b>632,083</b>	<b>30,270</b>	<b>5%</b>	<b>1,517,000</b>	<b>915,186</b>
<b>TOTAL EXPENSES</b>	<b>\$2,182,480</b>	<b>\$2,396,270</b>	<b>\$213,789</b>	<b>9%</b>	<b>\$11,721,319</b>	<b>\$11,981,280</b>	<b>\$259,961</b>	<b>2%</b>	<b>\$28,755,267</b>	<b>\$17,033,948</b>

## CAPITAL COST ANALYSIS - EQUIPMENT 11/21



## CAPITAL COST ANALYSIS - PROJECTS 11/21





## STAFF REPORT

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**To: Board of Directors**

**Meeting Date: December 13, 2021**

**From: Dennis Cafferty, General Manager**

**Subject: Water Use Efficiency Analyst**

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Water Use Efficiency has been a core objective of the District for many years. The activities and programs dedicated to this objective have continued to grow and are currently managed by staff in a very decentralized manner with multiple staff members performing different tasks associated with Water Use Efficiency programs and regulatory reporting requirements.

In addition to the current tasks, there are significant regulatory requirements to which the District anticipates being subject in the very near future that will further add to the work required of existing staff.

Staff has concluded and recommends that the addition of a Water Use Efficiency Analyst position will provide significant benefit to the District. This position will consolidate the District's water use efficiency activities in the responsibility of one staff person allowing far more focus on the growing requirements of these responsibilities.

The Water Use Efficiency Analyst will be responsible for the following:

- Receive and respond to a wide variety of questions from customers, vendors, landscapers, installers and the public, regarding the District's water use efficiency programs and water budget rate structure
- Manage and implement ETWD Rebate Program
- Perform field inspections as necessary for rebate program implementation such as turf removal
- Coordinate preparation and submittal of annual Water Loss Audit Report
- Submit monthly water usage monitoring data to State Water Resources Control Board
- Maintain and analyze water use data
- Prepare monthly water tiered water usage and revenue tracking charts

- Prepare monthly water use reduction charts
- Participate in site surveys to identify causes of high water use
- Participate in Water Shortage Contingency Plan and Ordinance implementation and enforcement
- Prepare Water Shortage Contingency Plan Annual Assessment
- Assist Public Relations with Water Use Efficiency and drought messaging
- Be an active participant in the MWDOC Water Loss Control Workgroup
- Attend MWDOC Water Use Efficiency Workgroup Meetings
- Attend Metropolitan Water District Water Use Efficiency Meetings
- Maintain participation in California Water Efficiency Partnership
- Provide annual water usage projections to MWDOC
- Participate in development of the Urban Water Management Plan
- Maintain compliance with State Demand Area Management requirements
- Provide review and analysis of proposed state and federal legislation and/or regulatory mandates for impacts to water use efficiency standards and policies
- Attend city, HOA meetings and community events representing the District to help educate customers and promote the District's water use efficiency programs
- Assist with the demonstration garden maintenance contract
- Assist Customer Service with water budget variance requests
- Maintain databases to track high water users and other programs to assist in targeting customer communications

Staff's evaluation of several other agencies determined that most have at least one person, and in some cases, entire departments dedicated to water use efficiency programs. The growing responsibilities as well as future compliance requirements make it clearly apparent that the District will benefit and in fact needs a dedicated staff person to fill this role.

Staff performed an analysis of salary ranges for similar positions at several other agencies. Staff proposes to place the Water Use Efficiency Analyst position in Salary Grade No. 22 with a salary that ranges from approximately \$78,000 to \$106,000 per year.

While this position was not contemplated in the current 2021-22 fiscal year budget, the District is currently running slightly under budget on personnel cost. Given the timing of the addition of the position, staff expects the additional labor cost impact can be accommodated within the existing labor budget.

**Recommended Action:** Staff recommends that the Board approve the addition of the Water Use Efficiency Analyst position.

MINUTES OF THE REGULAR MEETING  
& OF THE  
ENGINEERING COMMITTEE MEETING

November 22, 2021

At approximately 8:05 a.m. Director Vergara called the Engineering Committee meeting to order.

Committee Members MIKE GASKINS , KATHRYN FRESHLEY, JOSE VERGARA, MARK MONIN, and KAY HAVENS participated.

Also participating were DENNIS P. CAFFERTY, General Manager, JUDY CIMORELL, Human Resources Manager, JASON HAYDEN, CFO, GILBERT J. GRANITO, General Counsel, SCOTT HOPKINS, Operations Superintendent, HANNAH FORD, Engineering Manager, and POLLY WELSCH, Recording Secretary.

Consent Calendar

Director Vergara asked for a Motion.

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

Roll Call Vote:

Director Havens	aye
Vice President Freshley	aye
Director Vergara	aye
President Gaskins	aye
Director Monin	aye

Engineering Action Items

R-2 Reservoir Interior Recoating Project

Ms. Ford stated that staff received 2 bids for this project, and Associated Tank Constructors is the low bidder. She further stated that Associated Tank Constructors is



reputable, likely lower in cost due to their self-performance of the coating work (no subconsultants), and a contractor that the District has previous experience with on the recoating of the R-4 Reservoir in 2004.

Director Vergara asked for a Motion.

Motion: Vice President Freshley made a Motion, seconded by Director Monin, and unanimously carried across the Board to authorize the General Manager to enter into a contract with Associated Tank Constructors in the amount of \$646,000 for the construction of the R-2 Reservoir Interior Recoating Project.

Roll Call Vote:

Director Havens	aye
Vice President Freshley	aye
Director Vergara	aye
President Gaskins	aye
Director Monin	aye

Grit Chamber Rehabilitation Project

Ms. Ford stated that the grit chamber and influent and effluent channels have experienced significant degradation and coating failure. She further stated that the inlet isolation gate no longer functions properly as it's compromised of recessed guides that do not facilitate proper seating.

Ms. Ford stated that staff received 4 bids for this project, and during bidding, a new bid item of replacing existing air piping was added to the project scope. She further stated that the low bid was submitted by S.S. Mechanical Corp, which is a contractor with whom the District has previous successful experience.

Director Vergara asked for a Motion.

Motion: Vice President Freshley made a Motion, seconded by Director Monin, and unanimously carried across the Board to authorize the General Manager to enter

into a contract with S.S. Mechanical Construction Corp. in the amount of \$346,000 for the construction of the Grit Chamber Rehabilitation Project.

Roll Call Vote:

Director Havens	aye
Vice President Freshley	aye
Director Vergara	aye
President Gaskins	aye
Director Monin	aye

R-6 Floating Cover and Liner Replacement Project

Ms. Ford stated that the liner and cover are made of reinforced polypropylene (RPP), originally installed 20 years old, which equates the end of their useful life. She further stated that although the original design scope only included the cover; staff has discussed with partner agencies SMWD and MNWD and concluded it is best to move forward with a new, chlorosulfonated polyethylene (CSPE) cover and liner based on warranty and life expectancy of the higher cost material and to resolve drawdown limitations, water quality concerns, and water loss.

Director Vergara asked for a Motion.

Motion: Vice President Freshley made a Motion, seconded by Director Monin, and unanimously carried across the Board to authorize the General Manager to enter into a contract amendment with Hilts Consulting Group, Inc. in the amount of \$143,283 for engineering design services to incorporate the R-6 Reservoir Floating Cover Replacement Project.

Roll Call Vote:

Director Havens	aye
Vice President Freshley	aye
Director Vergara	aye
President Gaskins	aye
Director Monin	aye

## Engineering General Information Items

### Phase III Recycled Water Distribution System Expansion Project

Ms. Ford provided a presentation on feasibility of expanding the recycled water system based on costs identified by Tetra Tech. Expanding the recycled water system potentially impacts other projects, such as potable reuse.

Ms. Ford stated that the four potential projects are located in Mill Creek, Gate 11, Southeast Area, and the Laguna Hills Mall. She further stated that pursuing the Southeast Area and the Laguna Hills Mall would generate the largest amount of additional recycled water.

Ms. Ford stated that the annual costs for these areas would exceed revenue by approximately \$100,000 in the first year. She further stated that Restricted Reserves become positive in the 6<sup>th</sup> year and achieve payback in the 10<sup>th</sup> year.

Ms. Ford stated that expanding the existing recycled water system is timely and relatively easy for the District to pursue. She further stated that drawbacks include use limitations, negative impact to the District's debt coverage ratio and rating, and competing demand for wastewater supply that otherwise could be used for a potable reuse project.

Ms. Ford stated that the most accessible type of potable reuse for the District is treated water augmentation due to lack of available groundwater basins for spreading or injection or surface water reservoirs or drinking water plants for augmentation. She further stated that while potable reuse offers water of superior quality and flexibility, non-potable reuse is less complex and costly.

Ms. Ford stated that neighboring agencies are pursuing treated water

augmentation projects with the first by Los Angeles Department of Water and Power anticipated online in 2035.

The Board discussed the possible options and concluded not to pursue additional funding for recycled water expansion at this time. Staff will continue to monitor the progress of neighboring treated water augmentation projects and consider as a potential option for future alternative water supply.

#### ETWD Capital Project Status Report

##### Oso Lift Station Improvement Project

Ms. Ford stated that the Contractor has completed the project and staff is completing the final billing process.

##### Joint Transmission Main (JTM) Pump Station Project

Ms. Ford stated that staff determined that alternative delivery cannot be pursued at this time. She further stated that staff issued an RFP for a design engineer to complete the final design as part of a conventional design-bid-build delivery method.

Ms. Ford stated that staff could be ready in early January to discuss this project further with the Board. She further stated that Dudek will perform a mitigated negative declaration for the pump station.

##### R-6 Floating Cover Replacement & Improvement Project

Ms. Ford stated that because some valves have a 6-month lead time, the District would like to pre-purchase these components and plans to bring the pre-purchased valve package to the board in early 2022.

##### WRP Effluent Pump Station Rehabilitation Project

Ms. Ford stated that this project will go to bid next month and staff will bring this to the Board in January.

### Energy Efficiency Analysis

Mr. Cafferty stated that staff received a preliminary report from the Consultant, but it was not sufficient enough to be able to prepare a presentation for the Board. Staff is working with the Consultant to develop cost impact of recommended alternatives.

### Engineering Project Schedule

Ms. Ford stated that staff added two projects to the schedule: DAF Unit #2 Rehabilitation Project and the Aliso Creek Emergency Generator Replacement Project.

### Comments Regarding Non-Agenda Engineering Committee Items

There were no comments.

### Adjournment

There being no further business, the Engineering Committee meeting was adjourned at approximately 9:50 a.m.

### Recess

At approximately 9:50 a.m. the Board took a short recess.

### Regular Session

At approximately 10:00 a.m. the Board returned to Regular Session.

### Attorney Report

Mr. Granito stated that there is a need for a Closed Session today as agendized on today's Closed Session agenda to discuss items #2, 3, and 4.

### Closed Session

At approximately 10:00 a.m. the Board went into Closed Session. Also at this time, everyone left the meeting except for the Board, General Counsel, and Ms. Cimorell.

At approximately 10:30 a.m. Ms. Cimorell left the Closed Session.

At approximately 10:40 a.m. Mr. Cafferty joined the Closed Session.

At approximately 11:00 a.m. Director Monin left the meeting.

#### Open Session Report

At approximately 11:15 a.m. the Board returned to Open session. Also at this time, Ms. Welsch returned to the meeting.

Mr. Granito reported that the Board did go into Closed session to discuss items #2, 3, and 4 of today's Closed Session Agenda. He further reported that during the first phase of the Closed Session the District's SOCWA Representative led a discussion with regard to item #2, and no reportable action was taken.

Mr. Granito reported that during the second phase of the Closed Session, General Counsel, Mr. Cafferty, and Ms. Cimorell led a discussion with regard to item #3, and no reportable action was taken.

Mr. Granito reported that during the last phase of the Closed Session, the Board and General Counsel resumed the evaluation of the General Manager's performance, item #4, during which Ms. Cimorell and Mr. Cafferty left the meeting. During the last phase of this discussion, Mr. Cafferty was invited back into the Closed Session. No reportable action was taken.

#### Adjournment

At approximately 11:20 a.m. the meeting was adjourned.

Respectfully submitted,

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POLLY WELSCH  
Recording Secretary

APPROVED:

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MIKE GASKINS, President  
of the El Toro Water District and the  
Board of Directors thereof

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DENNIS P. CAFFERTY, Secretary  
of the El Toro Water District and the  
Board of Directors thereof



## STAFF REPORT

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**To: Board of Directors**

**Meeting Date: December 13, 2021**

**From: Hannah Ford, Engineering Manager**

**Subject: Wash Press System at Headworks**

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### BACKGROUND

The headworks of the District's Water Recycling Plant (WRP) includes two sets of screens: one as the first barrier to capture larger material and the other downstream of the grit chamber to capture finer material. Currently, the coarse screen discharges into a sluice for disposal into a tipping bin, shared with the grit classifier. Coarse screenings and grit are hauled to the landfill for disposal. The fine screens discharge screenings into a separate tipping bin, which staff manually mix with water and dump into the sludge storage tank for disposal to SOCWA.

Many similar facilities install a washer-compacter system to produce drier, cleaner screenings, which results in the following advantages:

- Reduced odors due to lower concentration of organics in screenings,
- Reduced disposal weight and volume, resulting in less staff time to haul tipping bins and fewer truck trips to dispose of screenings, and
- Ultimately less expensive disposal costs.

Staff pilot tested the JWC Environmental Monster Wash Press (Wash Press) to evaluate its efficacy for screenings handling at the District's WRP. The vendor, JWC Environmental, offered the Wash Press to pilot test free of charge and has now offered discounted pricing for the District to purchase these units for permanent installation.

### TEST RESULTS

The pilot Wash Press handled coarse screenings from October 3, 2019 to April 14, 2020 and fine screenings from April 14, 2020 to July 28, 2020. During the pilot, trucks disposed of washed and compacted fine screenings along with the coarse screenings and grit to the landfill instead of SOCWA. Figure 1 shows coarse screenings before washing/compacting, and Figures 2 and 3 show the washed and compacted screenings. Figures 4 and 5 shows the fine screenings before and after washing/compacting, respectively.





**Figure 1 – Coarse Screenings prior to Washing/Compacting**



**Figure 4 – Fine Screenings prior to Washing/Compacting**



**Figure 2 – Coarse Screenings following Washing/Compacting**



**Figure 5 – Fine Screenings following Washing/Compacting**



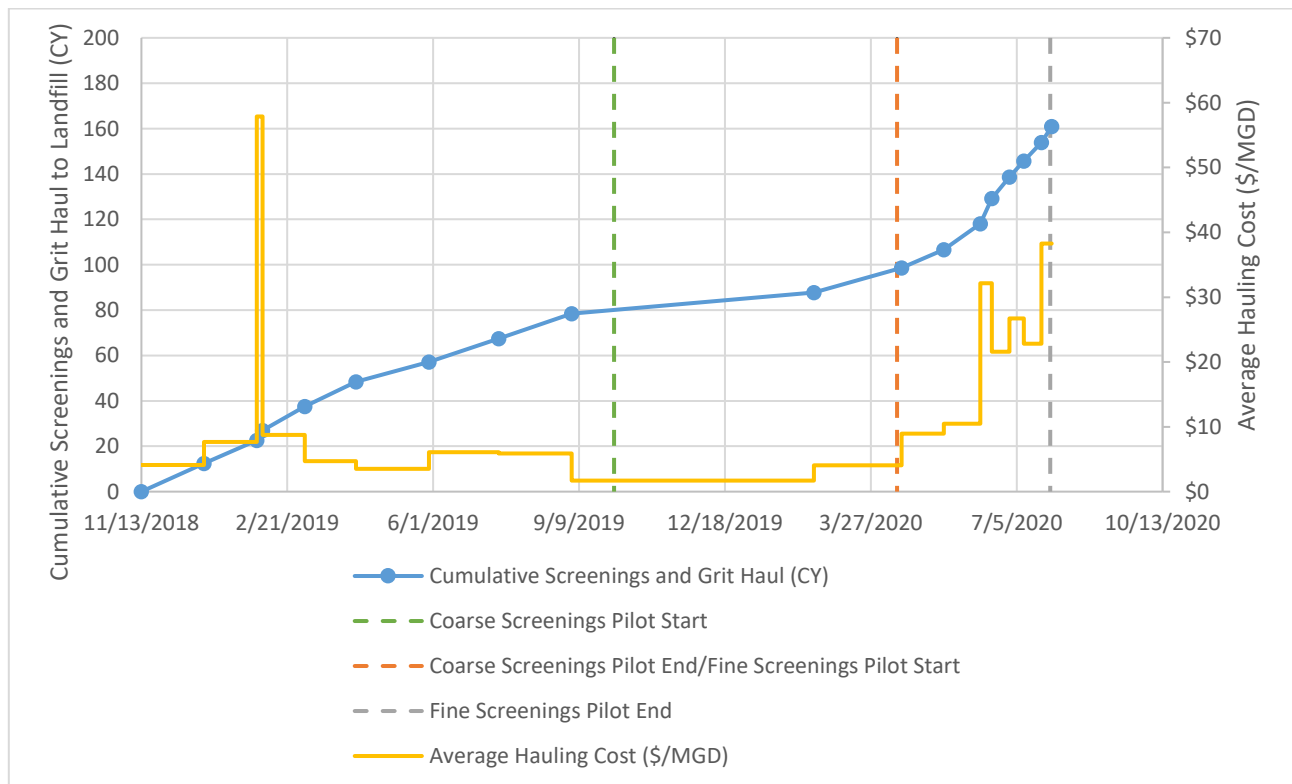
**Figure 3 – Coarse Screenings following Washing/Compacting**

Table 1 compares the pilot results of handling coarse screenings with the Wash Press to the baseline condition of no Wash Press. With the Wash Press in operation, staff observed a significant decrease in screenings hauling. Typically, a truck hauls coarse screenings and grit one to three times per month. When the Wash Press was in service, loads were hauled every three months. Based on current average influent flow, the Wash Press reduces screenings handling costs by approximately \$4,800 per year.

**Table 1 – Coarse Screenings Handling Pilot Results compared to Baseline**

Condition	BOD (mg/L)	Dry Solids Content (%)	Average Disposal Cost (\$/MGD)	Annual Average Cost (\$/year)
Baseline (No Wash Press)	1,650 – 1,667	12%	\$6.54	\$7,500
Pilot Wash Press on Coarse Screenings	720 - 727	50 – 53%	\$2.35	\$2,700
<b>Impact of Wash Press compared to Baseline</b>	<b>56% Lower</b>	<b>38 – 41% Lower</b>	<b>\$4.19 Lower</b>	<b>\$4,800 Lower</b>

Figure 1 shows pilot and baseline screenings handling results graphically. Normally, fine screenings are disposed of to SOCWA. During the pilot, fine screenings were hauled with coarse screenings and grit, so the net impact on landfill hauling costs increased with the addition of fine screenings mid-April of 2020.

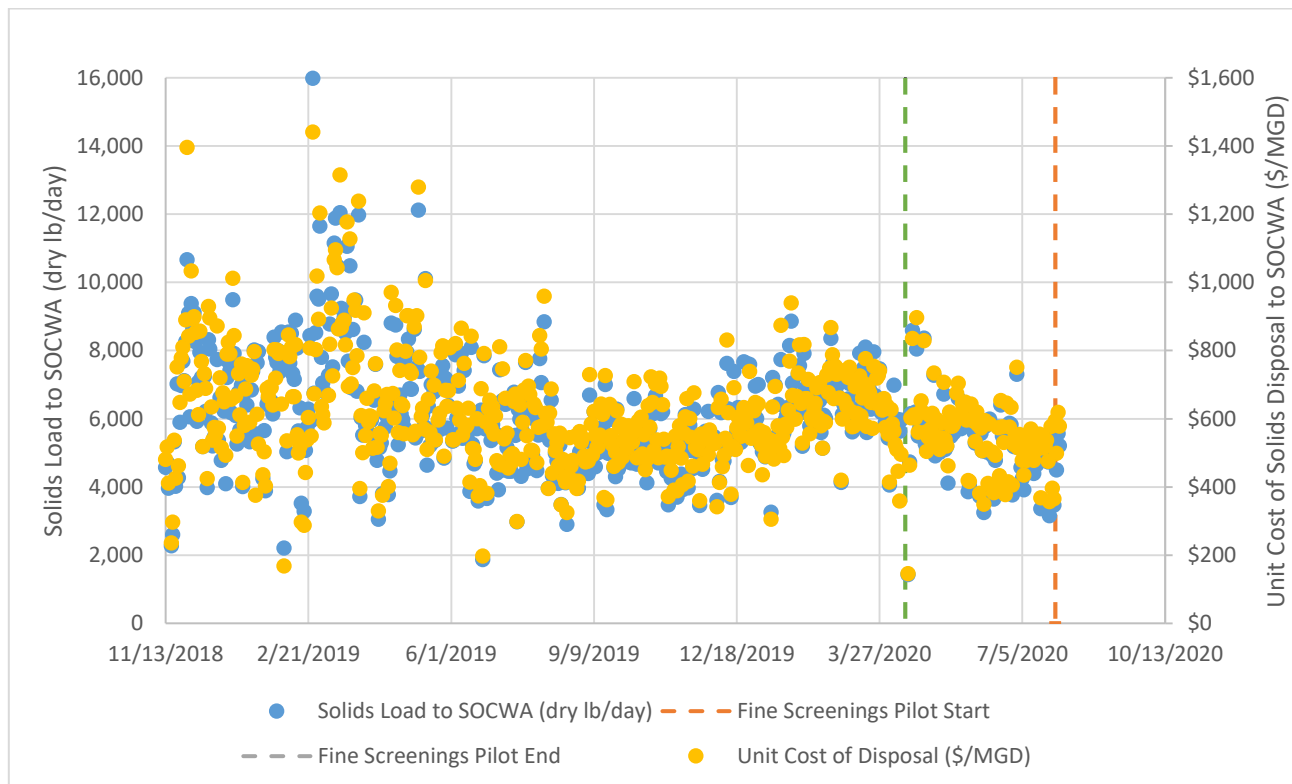


**Figure 1 –Screenings Handling Pilot Results compared to Baseline**

To justify the purchase of the fine screenings handling equipment, the decrease in SOCWA disposal costs should balance the increase in landfill disposal costs. Table 2 and Figure 2 summarize the impact of the fine screenings pilot to SOCWA disposal costs. The drier, cleaner fine screenings resulted in an overall decrease in disposal costs over \$200 per day. The sample collected of the washed/compacted fine screenings during the pilot confirmed 22% reduction in dry solids content compared to baseline.

**Table 2 – Fine Screenings Handling Pilot Results compared to Baseline**

Condition	Unit Cost of Disposal to SOCWA (\$/MGD)	Unit Cost of Disposal to Landfill (\$/MGD)	Average Disposal Cost (\$/MGD)	Annual Average Cost (\$/year)
Baseline (No Wash Press)	\$622	\$6.54	\$628	\$642,000
Pilot Wash Press	\$545	\$17.85	\$563	\$716,000
<b>Impact of Wash Press compared to Baseline</b>	<b>\$76 Lower</b>	<b>\$11.31 Higher</b>	<b>\$65 Lower</b>	<b>\$74,000 Lower</b>



In addition to the disposal cost savings, installing a Wash Press on the fine screenings would reduce staff time and water loss. Currently, staff dispose of an average of two tipping bins into the sludge storage tank to SOCWA every day. During this process, staff add several hundred gallons of water to mix and cleanly dispose of the fine screenings into the sludge storage tank.

## BUDGET ANALYSIS

A summary of the total project costs is as follows:

Organization	Description	Amount
JWC Environmental	Purchase Order	\$ 63,062.84
ETWD	Miscellaneous Components	\$ 30,000
	Contingency	\$ 10,000
<b>Total</b>		<b>\$ 103,062.84</b>
<b>Project Budget</b>		<b>\$ 200,000</b>

JWC Environmental provided a discounted quote for the Wash Presses, which cut anticipated equipment costs in half. ETWD will procure the required electrical components and self-install this equipment to further save on cost. Assuming a combined total of \$78,800 in annual savings, anticipated payback of the total project cost would occur in less than 2 years.

## RECOMMENDATION

### Recommended Action:

Staff recommends that the Board of Directors authorize the General Manager to enter into a purchase order contract with JWC Environmental in the amount of \$63,062.84 for the purchase of the equipment necessary for the WRP Headworks Wash Press System Project. Staff further recommends that the Board authorize the General Manager to fund the project costs from the District's Capital Reserves in accordance with the District's adopted Capital Reserve Policy.



## STAFF REPORT

**To: Board of Directors**

**Meeting Date: December 13, 2021**

**From: Hannah Ford, Engineering Manager**

**Subject: Capital Project Status Report**

### I. R-6 Floating Cover Replacement & Improvement Project

To reduce the planned R-6 reservoir outage by 2 months, the design consultant, HGC, is working with the District to develop the valve pre-purchase package for board approval in early 2022. HGC is also working to submit the 60% design this month for staff review.



Staff is also reviewing the final revised preliminary design report that includes liner replacement. After completing review, staff will use this document to begin coordination with regulatory entities, Division of Drinking Water and Division Safety of Dams.

Table 1 summarizes the total budget, timeframe, and percent complete for the current design contract with HGC. The amendment to add the liner design was executed at the end of November, so HGC is working to ramp up those efforts and maintain schedule to complete the bidding process by July 2022.

**Table 1 – R-6 Design Contract Schedule and Budget Status**

<b>Current Design Contract</b>	<b>Total</b>	<b>Percent Complete</b>
<b>Budget</b>	\$671,236	29%
<b>Schedule</b>	May 28, 2021 – July 8, 2022	49%

### II. Joint Transmission Main (JTM) Pump Station Project

Staff invited design consultants to respond to a request for proposals (RFP) for final design of the JTM pump station under a conventional design-bid-build delivery method. Proposals are due at the end of December so that award can take place at a special board meeting earlier in January.



To maintain schedule and comply with the California Environmental Quality Act (CEQA), staff hired Dudek to perform a mitigated negative declaration for the pump station.

### **III. Master Plan Update**

Staff is developing a RFP to hire a consultant for master planning services. Scope of work will focus on the updating the water and wastewater hydraulic models since their last iterations in 2004 and determining recommendations for system improvements based on that modeling. Staff plans to recommend award in February 2022.

### **IV. Water Recycling Plant (WRP) Effluent Pump Station (EPS) Rehabilitation Project**

Replacing the aging EPS infrastructure, originally constructed in 1965, is critical to provide resiliency in the event of an ocean outfall pipeline failure, Ocean Outfall Pump Station failure, or heavy rain event when WRP flow exceeds Effluent Transmission Main capacity.

District staff continue to self-perform this design and plan to solicit bids this month for potential Board approval of a construction contract in January.



### **V. Grit Chamber Rehabilitation Project**

Staff awarded the contract to the low bidder, SS Mechanical, and is working on issuing the notice to proceed (NTP) this month. Following NTP, the contractor has 120 calendar days to complete the work.

### **VI. R-2 Reservoir Interior Recoating Project**

Staff submitted additional documentation in pursuit of grant funding from the Department of Water Resources (DWR). In order for the District to use grant funds for construction costs, DWR needs to first award the contract. Therefore, the District is working with the apparent low bidder, Associated Tank Constructors, to delay start of significant construction until February 2022.

### **VII. Filter Plant Building / Water Emergency Response Organization of Orange County (WEROC) Emergency Operations Center (EOC)**

Staff kicked off the project this month. The team plans to maintain schedule for a 30% design review, including architectural renderings in March 2022.

### **VIII. Main Office HVAC Replacement and Improvement Project**

Staff continues to work with Scott Wallace Structural Engineers Inc (SWSE) to finalize the structural requirements for roof modifications in order to replace the existing five air

conditioning units in kind. Once the required design is confirmed, staff will put together bid documents for potential Board award early 2022.

**IX. Aeration Basin Diffuser Project**

The contractor, Filanc Construction (Filanc), is still awaiting delivery of the materials, which are slated to occur in February 2022. Filanc will begin demolition of the existing diffusers in the beginning of 2022.

Table 2 summarizes the total budget, timeframe, and percent complete for Filanc's construction contract. Original construction completion was scheduled for December 1, 2021, but material delays have extended schedule to April 2022, which explains the schedule far exceeding budget expenditure.

**Table 2 – Aeration Basin Construction Schedule and Budget Status**

<b>Construction Contract</b>	<b>Total</b>	<b>Percent Complete</b>
<b>Budget</b>	\$203,650	3%
<b>Schedule</b>	April 5, 2021 – April 29, 2022	49%

**X. Ocean Outfall Pump Station (OOPS) Generator Replacement Project**

Filanc will begin work in the third week of December. Staff is working with the contractor to have a pre-construction meeting just before the start of work. Delivery of the generator from the manufacturer is on track for April 2022. Filanc will commission the generator and complete the project by May 2022.

Table 3 summarizes the total budget, timeframe, and percent complete for Filanc's construction contract. Original construction completion was scheduled for November 29, 2021, but material delays have extended schedule to May 2022, which explains higher schedule than budget expenditure.

**Table 3 – OOPS Generator Replacement Construction Schedule and Budget Status**

<b>Construction Contract</b>	<b>Total</b>	<b>Percent Complete</b>
<b>Budget</b>	\$384,523	26%
<b>Schedule</b>	April 19, 2021 – April 29, 2022	49%

**XI. WRP Main Electrical Power Breakers Replacement Project**

Schneider Electric USA Inc. is fabricating the new breakers for installation in March 2022.

Table 4 summarizes the total budget, timeframe, and percent complete for Filanc's construction contract. The District has not yet received the invoice for the new equipment fabrication, which explains higher schedule than budget expenditure.

**Table 4 – WRP Main Electrical Power Breaker Schedule and Budget Status**

<b>Construction Contract</b>	<b>Total</b>	<b>Percent Complete</b>
<b>Budget</b>	\$134,491	11%
<b>Schedule</b>	April 29, 2021 – April 29, 2022	62%

## **XII. Oso Lift Station Improvement Project**

The Staff is working toward finalizing the billing and working toward project closeout. Retention will be released to the contractor by mid-December.

Staff is working with the City of Laguna Woods to finalize the Lot Line Adjustment for the additional property incorporated into the site. The City has provided the Grant Deed documents and Staff is working with a surveyor to obtain the necessary exhibits.

Table 5 summarizes the project financials to date. Higher costs for geotechnical and Change Orders to the construction contract caused an anticipated negative contingency of \$3,225. (Note that anticipated expenditure is lower than contract amount due to efficiencies in speciality inspections and engineering services during construction.)

**Table 5 – Oso Lift Station Construction Cost Estimate Summary**

	<b>Contract Amount</b>	<b>Billed to Date</b>	<b>Anticipated Expenditure</b>
<b>Total Construction Contract Bid Amount</b>	\$1,954,236	\$1,906,498	\$1,954,236
<b>Approved Change Orders</b>	\$133,294	\$133,294	\$133,294
<b>Anticipated Deduct Change Order</b>	(\$17,488)	0	(\$17,488)
<b>Specialty Inspections (Env., Geotech)</b>	\$32,685	\$24,462	\$25,000
<b>Eng. Services During Construction</b>	\$96,000	\$84,780	\$93,000
<b>Property Ownership Legal Costs</b>	\$78,622	\$78,622	\$78,622
<b>Utility Costs (SCE/AT&amp;T)</b>	\$18,147	\$18,147	\$18,147
<b>Permit Costs</b>	\$6,650	\$6,650	\$6,650
<b>Contingency</b>	(\$13,910)	\$0	(\$3,225)
<b>Total</b>	\$2,288,236	\$2,252,453	\$2,288,236

## **XIII. Phase II Recycled Water Distribution System Expansion Project**

Staff received the final rebate payments from Metropolitan Water District (MWD) this month so has now closed this project.

## **XIV. Energy Efficiency Analysis**

SoCalREN and AESC provided some initial recommendations to optimize energy consumption last month. Data gathering continued until early December, and now staff is working with SoCalREN and AESC to understand implementation costs and associated anticipated electrical cost savings of each recommendation and plans to review a short list of alternatives with the Board early 2022.



**F.Y. 2021/22 CAPITAL REPLACEMENT AND REFURBISHMENT PROGRAM BUDGET ITEMS > \$50,000  
BOARD APPROVAL SCHEDULE**

Category	Project Description	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	CRRP Budget	Board Approved Cost
<b>2021/22 Capital Projects</b>															
	R-2 Reservoir Interior Recoating	E	E	E	B	A			C	C	C	C		\$605,000	\$806,000
	Wash Press System at Headworks			E	E	E	A	O			R	C	C	\$200,000	-
<b>2021/22 Capital Equipment</b>															
	Aeration Basin No. 1 Diffusers	C	C	C	C	C	C	C	C	C	C			\$245,000	\$245,190
	Effluent Pump Station Rehabilitation			E	E	B	B	A	C	C	C	C		\$150,000	-
	WRP Main Electrical Power Breaker Upgrades	A	C	C	C	C	C	C	C	C	C			\$140,000	\$134,491
	DAF Unit #2 Rehabilitation Project							E	E	B	A	C	C	\$150,000	-
	Aliso Creek Emergency Generator Replacement Project					E	E	B	A	C	C	C	C	\$275,000	-
<b>Previous Fiscal Year Carryover</b>															
	Oso Lift Station Improvement Project	C	C	C	C									\$2,950,432	\$2,288,236
	Grit Chamber Rehab/Recoating	E	E	E	B	A	C	C	C	C				\$85,000	\$416,000
	OOPS Emergency Generator Replacement	C	C	C	C	C	C	C	C	C	C	C		\$220,000	\$414,523
	Main Office/Field Office HVAC Replacement & Improvement Project	ET	ET	ET	ET	ET	ET	B	A	C	C	C	C	\$322,500	-
	Master Plan Update			E	E	E	RFP	ET	A	E	E	E	E	\$350,000	-
	Caltrans Widening Utility Relocations									C	C	C	C	\$0	\$769,777
<b>Pending (Not Yet Budgeted)</b>															
	R-6 Reservoir Floating Cover	E	E	E	E	A	E	E	E	E	E	E	B	\$0	\$671,236
	Filter Plant Site Use Plan Investigation and Design	RFP	RFP	ET	A	E	E	E	E	BP	E	E	E	\$0	\$475,633
	Phase III Recycled Water Expansion		E	E	E	BP								\$0	-
	JTM Pump Station		E	E	BP	RFP	ET	A	E	E	E	B	A	\$0	-
<b>Total</b>														<b>\$6,292,932</b>	<b>\$6,221,086</b>

**Key:**

	Water
	Wastewater
	Split between Water and Wastewater
	Board Involvement

**Abbreviations:**

A = Approve by Board
B = Bid
BP = Board Presentation
C = Construction

E = Engineering/Study
ET = Evaluate
L = Legal
N = Negotiate

O = Order
P = Permit
RFP = Request for Proposal
R = Receive

# **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.

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**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.

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**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.

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**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.

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**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.

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**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.

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**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

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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.

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**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 30<sup>th</sup> 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.