

AGENDA

EAST ORANGE COUNTY WATER DISTRICT  
(EOCWD)

Thursday, December 20, 2012

5:00 p.m.

**1. Call Meeting to Order and Pledge of Allegiance – President VanderWerff**

**2. Organizational**

A. Election results/administration of oath of office (Exhibit "A")

**Recommended Motion:** "THAT THE CERTIFICATES OF ELECTION RESULTS BE RECEIVED AND FILED"

B. Election of officers (Exhibit "B")

C. Committee/ designated representative assignments by President-elect

D. Recognition of outgoing Director (Exhibit "C")

**Recommended Motion:** "THAT RESOLUTION NO. \_\_\_\_ BE ADOPTED, ENTITLED:  
'RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT ADOPTING CHANGES TO NON-WATER DELIVERY CHARGES FOR RETAIL SERVICE'"

E. Recognition of employee accomplishments (Exhibit "D")

**3. Public Communications to the Board**

**4. Addition of Items Arising After Posting of Agenda Requiring Immediate Action**  
(Requires 2/3 vote or unanimous vote if less than 2/3 of members are present)

**5. General Manager's Report (Exhibit "E")**

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

**6. Approval of Minutes of November 15, 2012 Meeting (Exhibit "F")**

**7. Operation, Management and Construction Matters**

- A. Proposed contract for East Well rehabilitation and repair (Exhibit "G")

**Recommended Motion:** "THAT A CONTRACT FOR THE EAST WELL REHABILITATION PROJECT BE AWARDED TO TRI COUNTY PUMP COMPANY, IN THE AMOUNT OF \$41,727.00"

- B. Wholesale and retail water usage report (Exhibit "H")

**8. Financial Matters**

- A. Approval of schedules of disbursements (Exhibit "I")

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

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

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

- C. Receipt and filing of financial statements (October 31) – (Exhibit "K")

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

- D. Presentation of audited financial statements – fiscal year ended June 30, 2011 (Exhibit "L")

**Recommended Motion:** "THAT THE AUDITED FINANCIAL STATEMENTS AND MANAGEMENT LETTER FOR THE FISCAL YEAR ENDED JUNE 30, 2012 BE RECEIVED AND FILED"

**9. Miscellaneous Matters**

- A. Report on ACWA Fall Conference (Exhibit "M")

- B. Reports from committees and representatives to organizations

- C. Directors' reports on meetings attended

**10. Informational Items**

**11. Closed Session**

- A. Closed session – conference with legal counsel – anticipated litigation – significant exposure to litigation (Government Code Section 54956.9(b)) (one potential case – notice of breach of Crown telecommunications lease, on file with the District)

**Open Session**

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

**12. Adjournment**

The scheduled date of the next Regular Meeting of the Board of Directors is **January 17, 2013**, at 5:00 p.m., in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California.

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

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

# MEMO

**TO:** BOARD OF DIRECTORS  
**FROM:** GENERAL MANAGER  
**SUBJECT:** CERTIFICATION OF ELECTION AND OATH OF OFFICE ADMINISTRATION  
**DATE:** DECEMBER 14, 2012

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## **Background**

As a result of the November 6, 2012 General Election, William VanderWerff was reelected, and Douglass S. Davert was elected to the EOCWD Board replacing Douglas Chapman. Directors VanderWerff and Davert were elected to four-year terms that will extend from December 20, 2012 to December 14, 2016. Attached is the certification of the election from the Orange County Registrar of Voters.

The District Secretary will administer the attached Oath of Office to Directors VanderWerff and Davert at the meeting.

## **Recommendation**

The Board receive and file the Certificates of the Orange County Registrar of Voters for the November 6, 2012 General Election certifying the election to the EOCWD Board of William VanderWerff and Douglass S. Davert.



**NEAL KELLEY**  
Registrar of Voters

Mailing Address:  
P.O. Box 11298  
Santa Ana, California 92711

**REGISTRAR OF VOTERS**  
1300 South Grand Avenue, Bldg. C  
Santa Ana, California 92705  
(714) 567-7600  
TDD (714) 567-7608  
FAX (714) 567-7627  
[www.ocvote.com](http://www.ocvote.com)

**RECEIVED**

**DEC - 3 2012**

**East Orange County Water District**

November 26, 2012

Dear General Manager:

We are enclosing the Certification of the Statement of the Vote and a copy of the Abstract of Votes Cast for the election held in your district on November 6, 2012.

We are also enclosing Oath of Office forms and a copy/copies of the Certificates of Election that were mailed to the successful candidate(s) in your district. Please have each of the newly elected board members affirm and sign two copies of the oath. Retain one copy of the oath in your files and mail the other signed copy to:

**County Clerk's Office**  
**P.O. Box 238**  
**Santa Ana, CA 92702**

If you have any questions please contact me at 714-567-7606.

Sincerely,

A handwritten signature in cursive script that reads "Kay Cotton".

Kay Cotton  
Candidate and Voter Services Manager

Enclosures

CERTIFIED STATEMENT OF THE VOTES CAST

at the

GENERAL ELECTION

November 6, 2012

in the

County of Orange, State of California

FILED \_\_\_\_\_, 2012

DEBRA BOWEN, SECRETARY OF STATE

BY \_\_\_\_\_ DEPUTY

State of California)

) ss


County of Orange)

*I, Neal Kelley, Registrar of Voters of Orange County, do hereby certify that the within is a true and correct statement of the votes cast in this county at the General Election, as determined by the canvass of the returns of said election.*

*I further certify the results of the 1 percent manual tally contained no discrepancies between the machine count and the manual tally.*

*WITNESS my hand and Official Seal*

THIS 21st DAY OF Nov, 2012

 \_\_\_\_\_, REGISTRAR OF VOTERS



STATE OF CALIFORNIA)  
COUNTY OF ORANGE )ss.

EARLY VOTING BALLOTS CAST:	84
PRECINCT BALLOTS CAST:	16,010
VOTE-BY-MAIL BALLOTS CAST:	16,163
TOTAL BALLOTS CAST:	32,257

WITNESS my hand and Official Seal this 21<sup>st</sup> day of November, 2012.



# *Certificate of Election*

State of California, County of Orange

This is to certify that ***Douglass S. Davert*** was elected to the office of ***Director, East Orange County Water District***, at the election held ***November 6, 2012***. The official returns of said election and statement of votes cast are on file in the office of the Board of Supervisors, County of Orange.



Witness my hand and official seal this

***26th*** day of ***November***, ***2012***

Neal Kelley  
Registrar of Voters



# ***Certificate of Election***

*State of California, County of Orange*

*This is to certify that **Bill Vanderwerff** was elected to the office of **Director, East Orange County Water District**, at the election held **November 6, 2012**. The official returns of said election and statement of votes cast are on file in the office of the Board of Supervisors, County of Orange.*



*Witness my hand and official seal this*

***26th day of November, 2012***

**Neal Kelley**  
**Registrar of Voters**

STATE OF CALIFORNIA) ) ss.  
COUNTY OF ORANGE )

Printed Name and Title of Person Administering Oath

STATE OF CALIFORNIA) ) ss.  
COUNTY OF ORANGE )

\_\_\_\_\_

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Signature of Person Administering Oath

Printed Name and Title of Person Administering Oath

# MEMO

**TO:** BOARD OF DIRECTORS  
**FROM:** GENERAL MANAGER  
**SUBJECT:** ELECTION OF OFFICERS/INTERIM COMMITTEE APPOINTMENTS  
**DATE:** DECEMBER 14, 2012

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## **BACKGROUND**

### **Election of Officers**

Government Code Section 30520 requires that within 30 days after taking office, directors shall elect a President and Vice-President. Board officers are elected for a two-year term. Selection of officers is at the Board's discretion.

The Directors currently serving as Board Officers are:

- William VanderWerff, President
- Douglas Chapman, Vice-President

### **Duties of the Board President**

- Executes contracts (except where otherwise authorized by the Board)
- Presides over Board Meetings
- Appoints members to Board Committees
- Represents EOCWD at various functions
- Communicates with legislators and media (when requested)
- Performs other general duties as necessary.

### **Duties of Vice-President**

- Executes contracts in the absence of the President.
- Presides over Board meetings in the absence of the President
- Performs other general duties as necessary.

### **Interim Committee Appointments**

Former Director Chapman was a Regular Member of the Finance Committee and an Alternate Member of the Operations, Policy & Personnel, Ad Hoc Consolidation Issues, LAFCO, MWDOC, and Antenna Site Lease Committee (see attached listing). After the Election of Officers, the Board President may wish to appoint an interim replacement for these vacant positions.

## **RECOMMENDATION**

Take such action as the Board desires.

**EAST ORANGE COUNTY WATER DISTRICT  
COMMITTEE APPOINTMENTS  
November 2012**

COMMITTEE, AGENCY, OR GROUP	FREQUENCY	APPOINTMENTS	
		Regular Members or Representatives	Alternate Members or Representatives
Operations, Policy & Personnel Committee *	Monthly	Richard Bell Bill VanderWerff	Doug Chapman
Engineering Committee *	Monthly	Richard Bell Bill VanderWerff	Richard Barrett
Finance Committee *	Monthly	John Dulebohn Doug Chapman	Bill VanderWerff
Ad Hoc Consolidation Issues Committee	As Needed	Bill Vanderwerff Richard Bell	Doug Chapman
Ad Hoc Investment Committee	As Needed	Bill Vanderwerff Richard Barrett	
Independent Special Districts of OC (ISDOC)	As Needed	John Dulebohn	Richard Barrett
Independent Special Districts Selection Committee	As Needed	John Dulebohn	By Board Action if needed
Local Agency Formation Commission (LAFCO)	As Needed	Bill VanderWerff Doug Chapman	Richard Barrett
ACWA, JPIA, and Insurance Safety	As Needed	John Dulebohn	Richard Barrett
Municipal Water District (MWDOC) and Metropolitan (MET) for AMP	As Needed	Richard Bell	Doug Chapman
Orange County Water District (OCWD)	As Needed	John Dulebohn	Richard Bell
Orange County Council of Governments (OCCOG)	As Needed	Richard Bell	Richard Barrett
Member Agency Managers	Monthly	General Manager	Staff
Ground Water Producers (OCWD)	Monthly	General Manager	Staff
Antenna Site Leases	As Needed	Bill Vanderwerff Richard Bell	Doug Chapman

\*Standing Committee. Standing committee members should announce their meetings dates and post their agenda 72 hours before the committee meeting. Wherever possible, committees should meet at least 8 days before a Board meeting so the Board meeting agenda can be prepared properly.

General Manager shall forward meeting dates of agencies to representatives, as needed.

Agency representative shall, when necessary, inform the General Manager of items that should be added to Board agenda for reporting or action to be taken.

Updated 4/21/2009

My Documents / Excell / Standing Committee





# MEMO

**TO:** BOARD OF DIRECTORS  
**FROM:** GENERAL MANAGER  
**SUBJECT:** RESOLUTION OF APPRECIATION – DOUG CHAPMAN  
**DATE:** DECEMBER 14, 2012

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## **BACKGROUND**

Director Douglas Chapman has faithfully executed his duties as a Director of the East Orange County Water District for 29 years commencing December, 1983 and ending December, 2012. It is fitting that his excellent service be recognized with the attached resolution of appreciation. Staff will have the resolution framed and presented to him at a future date.

## **RECOMMENDATION**

The Board approve the attached resolution of appreciation recognizing the service of Director Douglas Chapman.

**A RESOLUTION OF THE  
EAST ORANGE COUNTY WATER DISTRICT  
BOARD OF DIRECTORS  
EXPRESSING APPRECIATION, COMMEMORATING AND INVITING PUBLIC ATTENTION  
TO THE OUTSTANDING SERVICES RENDERED BY  
  
DOUGLAS CHAPMAN**

**AS A MEMBER OF THE DISTRICT’S BOARD OF DIRECTORS**

**WHEREAS**, in December, 1983, DOUGLAS CHAPMAN was elected to the Board of Directors of the East Orange County Water District; and

**WHEREAS**, DIRECTOR CHAPMAN has been elected by his peers to serve terms as President and Vice-President; and

**WHEREAS**, DIRECTOR CHAPMAN was appointed to serve as the Chairman of the Finance Committee; and

**WHEREAS**, DIRECTOR CHAPMAN served as a member of the Operations & Personnel Committee, the Ad Hoc Consolidation Issues Committee, the Local Agency Formation Commission Committee, the Municipal Water District of Orange County and Metropolitan Water District of Southern California Committee and the Antenna Sites Lease Committee; and

**WHEREAS**, DIRECTOR CHAPMAN participated in the oversight and of the District’s Wholesale Zone as it grew to serve more than 100,000 customers through its five retail customers: the City of Tustin, the City of Orange, the Golden State Water Company, the Irvine Ranch Water District and the District’s Retail Zone; and

**WHEREAS**, DIRECTOR CHAPMAN participated in the approval of the acquisition of Orange County WaterWorks District #8 by the District and oversaw its transformation and substantial rehabilitation into the Retail Zone as the reliable system that exists today; and

**WHEREAS**, DIRECTOR CHAPMAN has been a champion for fiscal responsibility by helping to guide the District to be completely free from debt;

**WHEREAS**, during his twenty-nine-year tenure as a Director and officer of the District, DIRECTOR CHAPMAN rendered dedicated, professional, and outstanding services to the benefit of the District, the Board, the employees and most especially, the public he served;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT** as follows:

1. Full measure of appreciation is hereby expressed and acknowledged for the effective and beneficial services rendered by DOUGLAS CHAPMAN during his participation in the duties and affairs of the East Orange County Water District as a Director and officer thereof;
2. Public attention is hereby called and directed to the exemplary services rendered by DOUGLAS CHAPMAN during his served term of office; and
3. This Resolution shall be maintained in the permanent records of Watermaster in recognition of DOUGLAS CHAPMAN’S outstanding performance of duty.

Adopted this 20th day of December, 2012.

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary



# MEMO

**TO:** BOARD OF DIRECTORS  
**FROM:** GENERAL MANAGER  
**SUBJECT:** EMPLOYEE RECOGNITION - 2012  
**DATE:** DECEMBER 14, 2012

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## **BACKGROUND**

It is traditional that annually we take a moment and recognize the unique contributions that each of our employees has made to the betterment of the District during the past year. This recognition was formally made during a meeting held at Moreno's Restaurant on December 19<sup>th</sup>, however, it is appropriate that this recognition is included in the historical records of the District by inclusion in this agenda.

**Denise Dobson, Office Manager** – Imagine a job that involves answering at least 100-150 phone calls per day (not to mention greeting customers, vendors as the assorted lost persons that walk in), maintaining the billing records for over 1,200 customers; writing services requests from an average of a dozen customers per day; responsibility for the Accounts Payable and Accounts Receivable functions for a \$6 million dollar enterprise, handling all Risk Management and insurance claim functions for the business, assisting with all human resources functions; and oversight of all the miscellaneous administrative functions – and you must meet daily, weekly and monthly deadlines without fail. Denise not only excels at all of these tasks, she does it with a calm and kind manner – even when a customer isn't too happy with their water bill and they decide that she must be the person who is responsible for the excessive charges. Denise was hospitalized for three weeks this year and we learned exactly how important she is to the District – it is now one of the General Manager's strategic objectives to ensure that she is hydrated, eats well and is well-rested!

**Nicole Hopp, Part-Time Office Assistant** – The addition of Nicole (or "Coco" as the General Manager has named her), has been a great blessing for all of the staff. Coco has taken over most of the data entry work required for the water quality reporting system, as well as tracking work orders and other operations data. She has also become the primary back-up to Denise on receptionist duties, the billing system, processing of customer payments and keeping the bank deposits ledger. She has assisted the General Manager with the records management system and was primarily responsible for cataloging the 160 boxes of records that were stored in the Maintenance Annex and helping to dispose of over 100 of the boxes through the development of the Records Management Program. Coco is unfailingly polite, helpful and eager to learn and performs her work quickly and diligently. She attends Rancho Santiago College when she's not working at the District and is working on her General Education requirements in anticipation of transferring to a four-year college – which we hope will be located in close proximity to our office so that we can keep her working with us for as long as possible!

**Randy Dunn, Distribution Worker III** – Again this year our field crews were challenged with special projects that saw them working long, physically challenging days. During a particularly challenging Friday, when Superintendent Mendzer was hours away and unable to be reached for a period of time, an 8" mainline ruptured sending a small river of water down Fowler Avenue onto heavily traveled Hewes Avenue. Randy took charge of the repair crew – and with some able assistance supplied by our neighbors at Serrano Water District – isolated a tricky shutdown of the line, oversaw the repair and had the water back on within an 8-hour period...all while having to ensure that the General Manager didn't make things worse by hovering over the repair crew, asking a myriad of questions and

trying to direct traffic. Randy, who was given the nickname “Cowboy” by co-worker Matt Plummer, would have made John Wayne proud to be a fellow cowboy.

2

**Matt Plummer, Distribution Worker II** – Matt continues to excel at water operations. After completing a two-year training program, Matt was then subjected to a rigorous 5-page, 42 question test that he had to pass by getting 80% of the answers correct – this test is required prior to attaining the Distribution Worker II position and most importantly, becoming able to serve Stand-By Duty. The questions ranged from being able to list the maximum and minimum flow rates for each of our MET connections to knowing which pressure zone is the most susceptible to power outage in the event of a Santa Ana wind event and what steps are to be taken by operators in anticipation of high winds and fire danger. Add to this that Stand-By Duty requires an intimate knowledge of the SCADA system as well as the ability to operate the system manually in the event that SCADA is lost, and you get an idea of how rigorous this test is. Matt garnered a 92% on the test and now provides Jerry and Randy with much needed Stand-By support. Matt’s enthusiasm, affable nature, intelligence and desire for excellence in everything he does is a tremendous benefit to our team.

**Jerry Mendzer, Superintendent** – Here’s just some of the things Jerry accomplished this year: provided: coordinated and conducted pressure testing and SCADA data collection for the hydraulic model; coordinated and constructed View Ridge Drive valve project; oversaw safety training for the entire staff; coordinated design of storm damage repairs with engineer, oversaw project bidding and inspected repairs at the 6 MG reservoir; coordinated 11.5 MG reservoir extensive 2-Year coating warranty inspection; worked with engineers to address roof and concrete issues at 6 MG reservoir; oversaw production of the annual Consumer Confidence Report; oversaw work on the County’s Daniger Road Storm Drain project; drafted and obtained approval for a revised Bacteriological Sampling Plan from the California Department of Public Health; coordinated in-lieu deliveries of water for the Retail Zone; Tustin and Golden State Water Company with MWDOC; coordinated the installation of electrical connections for emergency back-up generators at the McPherson office, Vista Panorama Reservoir and Side-Hill Booster Station; investigated and purchased 9 new large magnetic meters for the WZ; coordinated inspections with CDPH and OCFA hired a temporary worker to install conduit for the security system at 6 MG reservoir; oversaw and constructed the security system for the 6 MG reservoir – and all of this was done while performing all of the normal day-to-day duties of running two water systems as a working supervisors – including leak repairs on mainlines and at customer meters, meter reading, well rounds, reservoir rounds, line flushing, valve turning, hundreds of work orders at customer residences, obtaining quotes and bid, writing reports, overseeing water quality and water quality testing, attending meetings and performing all of the other routine tasks required. And he does all of it excellently, tirelessly, and with a willing and generous manner.

We also are very grateful for the work of our **contract accountant, Carolyn Mackall**, who is an employee of Serrano Water District, but whom they graciously share with us. Carolyn provides us with accurate financial information and back-up services for Denise on the days that she is here. Carolyn’s helpful attitude and willingness to change her workplace and work tasks every couple of days is greatly appreciated!

We also gratefully acknowledge the hard work and diligence of our temporary maintenance worker, Everett McKeegan, who worked for approximately 2 ½ months digging trenches and holes for camera poles, laying conduit and pulling electrical wire in preparation for our security system, as well as assisting with miscellaneous maintenance items when staff was short-handed. Everett lost 25 pounds doing this work, which we now call the “East Orange County Water District Diet Plan.”

**RECOMMENDATION**

The Board approve the attached resolution of appreciation recognizing the service of Director Douglas Chapman.

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

**December 2012**

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

## **GENERAL MATTERS**

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

## **WHOLESALE ZONE**

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

Security System – All of the trenching around the site to run conduit for the power and fiberoptic cabling is complete. Conduit was installed and the trenches were backfilled and compacted. Pull boxes were installed to facilitate pulling the electrical, fiber optic, and cat 6 cables. All 6 of the concrete pedestals were poured and 5 of the 6 camera poles mounted. All electrical wire has been run and fiber optic cable and cat 6 cable has been received and will be installed before by December 18<sup>th</sup>. NEMA enclosures, cameras, and infrared lights are also in the process of being installed. A new electrical panel will need to be installed to allow additional circuits for the air conditioner on the large NEMA enclosure, the soon to be installed magnetic flow meter, computer equipment, monitor, cameras, and lighting. Staff is coordinating the installation of the internet access (T-1 Line) with AT&T; this line will allow the security system software to send images of the reservoir and security breach alerts to staff via email and smartphone texts.

Storm Damage Repair - Work on the storm damage repair is complete. Geologic, the firm hired to inspect the slope repair work, has provided a report stating that the work was successfully completed as designed. An 8-inch high asphalt berm was also installed along the south side of the access road per plan design to divert storm flows away from the embankments and limit any future bank erosion. Miscellaneous asphalt patch repairs were also completed. The remaining work includes slurry sealing the asphalt. Staff is hoping to have some clear weather during the week of December 17<sup>th</sup> which will allow the contractor to complete the slurry seal work and complete this project. Staff also met with a Landscape Designer that specializes in California Native Plants to review a planting program for the repaired area, as well as for all of the reservoirs to enhance slope stabilization, minimize landscape maintenance and reduce wildfire hazards. We will be following up with the Operations, Planning & Personnel Committee regarding planting plans.

### **2) Stand-By Power – OC-70 Pump Station**

MWDOC has transmitted a copy of a draft amendment to the 1996 OC-70 Operation and Maintenance Agreement that would allow for the installation of an electrical transfer switch that would provide the ability to install a temporary emergency generator in the event of a loss of power to the OC-70 pump station. Staff will review the proposed agreement with District counsel and develop comments.

## **RETAIL ZONE**

### **1) Well / Booster Station Operations**

East Well – See associated agenda item.

Stoller 150hp Booster Pump Motor – Staff received three quotes to replace (with a new motor) or repair the existing motor that was damaged by an apparent electrical surge in November. Delta Motor Company submitted the lowest bid for supplying either a new motor or a rebuilt motor. Staff recommended, and the Operations, Planning & Personnel Committee approved, award of a contract to Delta Motor Company to rebuild the existing motor at a cost of \$8,587.80 in recognition of the fact that Delta would 1) use superior replacement parts than originally came with the motor during the rebuild and, 2) Delta will provide a 2 year warranty of the rebuilt motor (other bidders offered a 1 year warranty). The Operations Committee requested that staff consult with an electrical engineer to determine the cause of the failure and also a recommendation on how to prevent another occurrence. Staff will solicit information on qualified electrical engineers and will select one to analyze the motor prior to being rebuilt.

### **2) Retail Zone Fire Pump**

The District's Superintendent met with Harvey Gobas and Dennis Phinney of PSOMAS and performed a site visit to Daniger Road to determine the best location for the new portable fire pump. Staff has identified a location at the top of Daniger Road within a fenced area where there is available open space. This open area is believed to be owned by the Rocking Horse Ridge Association, however, it appears that EOCWD's 1911 Blanket Easement may encompass this area. Further investigation will be performed to ensure that appropriate steps are taken to ensure the legal right to locate the equipment in this area.

Because the location site is in a sloped area, a small retaining wall will be required in addition to the concrete slab it will be placed on. Psomas will be surveying the area the week of December 17 and will be initiating design work for grading, concrete, masonry and piping work for the pump installation. Design work is expected to be complete by the end of January with bids obtained by the first week of February; award of contract would be expected by the February Board Meeting.

### **3) System Leaks – None to Report**

### **4) Operational Activities**

- Installation of 6 MG reservoir security system – concrete work, camera polls, backfill.
- Ordered fiber optic and cat 6 cable for 6 MG security system
- Met with contractor at 6 MG reservoir to get pricing on concrete swale for easterly slope
- Trench and install conduit for cathodic protection system at 11.5 MG reservoir
- Flushed 24 dead-end hydrants
- Installed plastic on 6 MG reservoir site slope
- Installed sand bags on 6 MG reservoir roof
- Attended AC Pipe Training at Moulton Niguel W.D. with JPIA

- Removed meter and capped service line at 13246 Old Foothill
- Work Orders – High Bill at 19652 County Lane, 19451 Martin Lane, 12762 Charmaine, 12230 Circula Panorama,
- Work Order – Final Read at 242 Crawford Canyon Rd. #29, 242 Crawford Canyon Rd. #25, 12941 Villa Rose, 12951 Springwood, 12551 Daniger Rd.,
- Met with PSOMAS to determine location for retail zone fire pump (Superintendent)
- Met with Delta Motor Company to remove Stoller 150hp motor for rebuild
- Met with new Board Member for tour of retail and wholesale system (Superintendent)
- Sent addendums out to contractors for East Well Rehabilitation Project and performed bid opening (Superintendent)
- Met with 2 customers on Daniger Road to discuss location and installation of fire pump (Superintendent)
- Set door tags for past due water bills (57 door tags)
- Returned backup generators to rental company
- Met with Tree Trimming Company for quotes to perform work at 4 locations (Superintendent)
- Mark USA at 10731 Crawford Canyon Rd., 10472 Villa Del Cerro, 19368 Barrett Lane
- Inspected work at 6 MG reservoir site (Superintendent)

### **Daily Tasks**

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

### **Weekly Tasks**

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

### **Monthly Tasks**

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

## MISCELLANEOUS ITEMS

### 1) Meetings

District Board Members and/or Staff attended the following meetings: November 14<sup>th</sup> Groundwater Producers Meeting; November 26<sup>th</sup> Meeting with the Orange County Clerk of the Board; November 27<sup>th</sup> SAWPA OWOW Interview with Proposition 84 Project Review Committee; November 28<sup>th</sup> Finance Committee Meeting; November 29<sup>th</sup> MWDOC Manager's Meeting; November 29<sup>th</sup> MWDOC Elected Officials Forum; December 5-7 Association of California Water Agencies Meeting; December 11<sup>th</sup> New Board Member Orientation Meeting; December 11<sup>th</sup> Operations, Planning & Personnel Committee Meeting.

#### **A. Groundwater Producers Meeting (November 14, 2012)**

Meeting Summary: 1) Ground Water Replenishment System (GWRS) FY11-12 Unit Cost – OCWD staff reported that the net cost to operate the GWRS was \$30,449,988 or \$424/acre-foot (AF). This cost is \$53 AF below the previous year because power costs didn't increase as expected, SCE refunded some over collected fees, chemical prices were stable or decreased, staff adjusted an operational feed and saved over \$600K on sulfuric acid purchases and no well cleanings were performed on the barrier. Water production totaled 71,815 AF (just 185AF short of the 72,000 AF forecast). 2) Purchase of Recharge Property – OCWD is looking at purchasing additional property in Anaheim to develop for recharge.

#### **B. Orange County Clerk of the Board (November 26, 2012)**

Meeting Summary: District Secretary Joan Arneson and General Manager Ohlund met with representatives from the COB office to discuss the potential for the District to provide electronic filing for "Section 87200" filers (Note: Government Code Section 87200 lists specific elected and appointed officials, including the EOCWD Board Members, General Manager and Treasurer who are required to file Conflict of Interest Statements). Currently, state law prohibits Section 87200 filers from filing electronically, but that will change on January 1, 2013. COB staff indicated their desire that the District consider filing electronically and demonstrated the ease with which this could be done on the web site they created for this purpose. Staff will bring a new Conflict of Interest Code to the Board at the January Meeting that will recommend inclusion into this system.

#### **C. SAWPA OWOW/Prop.84 Interview (November 27, 2012)**

Meeting Summary: The Santa Ana Watershed Project Authority (SAWPA) developed the One Water One Watershed Program as an integrated regional water management planning process; they have also been chosen by the State to award the Proposition 84 grant funds that have been made available for the area. MWDOC submitted two water conservation projects to OWOW that benefit north Orange County agencies (within the Santa Ana River Watershed) and both were ranked in the first tier of awards, as were several others. The interview process was held to provide a means for SAWPA to determine to whom, and how much, of the \$16.7 million in available funds, would be allocated. At the request of MWDOC staff, General Manager Ohlund (and three other member agency representatives) attended the Project Interview Meeting in support of MWDOC's application. A decision is scheduled to be released by March 2013.

**C. Finance Committee Meeting (November 28, 2012)**

Meeting Summary: 1) Review of Draft FY 2011-12 Audit – Staff reviewed the draft Audit with the members of the Finance Committee; staff noted that a few changes will be made to the cover letter clarifying that the PERS side-fund has been paid off early, as was the 1991 DWR loan; these early payments saved approximately \$4,000 in interest payments. 2) Review of October, 2012 Budget Report – Staff reviewed the budget and variance report with the Committee.

**D. MWDOC Manager's Meeting (November 29, 2012)**

Meeting Summary: 1) La Bonita Park Well, Pump Station and Reservoir – Thom Coughran, Public Works Director for the City of La Habra, gave a presentation on a successful design/build project that finished early and on-time for the City. 2) Guarding Against Accounting Mistakes and Fraud – Andrew Hamilton, CPA, spoke about primary and secondary internal controls used to guard against fraud and bookkeeping errors. 3) Election Results Summary – a general review of the election outcome for MWDOC and member agencies was presented. 4) 2013 MWDOC Capacity Charge – The final MET Capacity Charge Allocation was provided – EOCWD's share increased \$538 from \$95,089 to \$94,551.

**E. Elected Officials Forum (November 29, 2012)**

Meeting Summary: The semi-annual meeting of Orange County elected officials reviewed the following: 1) Brief overview of MWDOC and introduction of the MWDOC Board. 2) Bay/Delta Update – Reviewed the history of the delta (originally a tidal marsh; 1,100 miles of levees built in the 1850s created 700 miles of waterways); the stressors (predators and invasive species, delta pumping, development around the Delta, wastewater and agricultural discharges, etc.); threats to the water supply (endangered species, land subsidence, weak levees, seismic events, flooding, sea level rise, salinity); environmental regulations and the Biological Opinions that have reduced pumping from the Delta; the Delta Stewardship Council and the co-equal goals of water supply reliability and ecosystem restoration; an overview of the Bay/Delta Conservation Plan (conveyance tunnels, ecological conservation and relief from environmental stressors and implementation schedule; the cost (currently estimated at \$17.6 Billion). 3) Core and Choice Programs – Explained the General MWDOC services provided, and the specialized services provided to agencies that pay separately for them under the Choice Program; reviewed the status of the Choice Programs. 4) Water Rate Trends – Held a roundtable discussion on water rates (MET increase estimated at 5% for next year).

**D. ACWA Conference (December 5-7, 2012)**

Please see associated agenda item.

**E. New Board Member Orientation (December 11, 2012)**

Meeting Summary: General Manager Ohlund and Superintendent Mendzer met with Doug Davert and reviewed the following: 1) Reviewed Board Member Handbook – staff prepared a binder that included contact information, maps, policies and other relevant information that may be referred to frequently. 2) Review of District Organization – Board



and staff positions were reviewed. 3) General Overview of the Water Industry – Starting with the Department of Water Resources, the agencies and sources of water (MWD/MWDOC/OCWD, SWP and CRA) were reviewed. 4) EOCWD Joint Administration – the Wholesale Zone and Retail Zone history and administration were reviewed. 5) Wholesale Zone System – a map and facilities were reviewed. 6) Retail Zone – a map and facilities were reviewed. 7) Tour – a tour of the WZ and RZ was conducted.

**F. Operations, Planning and Personnel Committee (November 7, 2012)**

Meeting Summary: 1) East Well Rehabilitation Plan – staff reviewed the results of the bid solicitation; the Committee approved staff's recommendation. 2) Temporary Fire Pump Status – Staff and Psomas met for the project kick-off meeting for the project and defined the tasks that Psomas would complete and which tasks would be completed by district staff. First task: district staff would handle the easement issues and Psomas would handle site identification and description issues. 3) Security System/ Storm Damage Repair Status: The repair to the slope is complete and the asphalt berm has been constructed; slurry sealing of the asphalt surfaces is scheduled for the week of December 17<sup>th</sup>. 5) OC-70 Backup Power Agreement – MET/MWDOC have submitted a draft amendment to the OC-70 pump station agreement for the installation of a stand-by generator electrical connection; staff will review and respond. 6) Sedaru Proposal – another company, Nobel Systems, has been identified that provides similar GIS/CIMMIS services, staff will look into their capabilities and services and compare them with Sedaru. 7) Stoller Reservoir Electrical Issue: Staff presented 3 bids for replacement (with new) or repair of the 150 hp motor; the Committee ratified staff's recommendation to proceed with repair of the existing motor by Delta Motors at a cost of \$8,587.80.

**Water Availability Request**

No requests were received during this reporting period for the Retail Zone.

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

October 18, 2012

**1. Call to Order.** A Regular Meeting of the Board of Directors of the East Orange County Water District was called to order by WILLIAM VANDERWERFF, President of the Board of Directors, at 5:00 p.m. on Thursday, October 18, 2012, in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California. JOAN ARNESON, Secretary, recorded the minutes of the meeting.

The following Directors were present: RICHARD BARRETT, DOUGLAS CHAPMAN, JOHN DULEBOHN and WILLIAM VANDERWERFF.

Also present were:

LISA OHLUND	General Manager
JOAN ARNESON	District Secretary and Legal Counsel
RICK BRADY	Brady Engineering
SEAN SUDOL	Brady Engineering
GREG HEIERTZ	Irvine Ranch Water District

**2. Public Communications to the Board.** None.

**3. Items Arising After Posting of Agenda.** None.

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

A. Peters Canyon (6 MG) Reservoir Roof. Mr. BRADY made a presentation of the study prepared by Brady Engineering. He discussed short-term improvements, including installation of a structural diaphragm over the roof surface as would be required under current seismic code requirements, bolt tightening and replacement of non-conforming hardware, installation of drag-strut hardware per the original plans, and rescreening and replacement of weather sealant. He also reviewed long term recommendations including insulation of the roof with a spray-on polyurethane foam (samples of the foam were shown), which he felt would be a less expensive way to resolve the corrosion from the improper screws, and construction of a wind screen to prevent a recurrence of the wind damage in 1996. Director DULEBOHN suggested that consideration be given to accommodation of solar panels which could provide power in the event the District pursues the treatment plant (next item, below).

President VANDERWERFF felt that consideration should be given to the chain link fence with deflecting slats as a short-term wind protection fix.

Proceeding in phases was discussed. Directors BARRETT and CHAPMAN expressed the view that the proposed improvements should be reviewed by Harvey Gobas as the District's Engineer. Director BELL said Mr. Gobas' comments could be requested, as the phases are evaluated. He proposed the staff recommendation be adopted. Director CHAPMAN asked that this be modified to include Mr. Gobas' review. President VANDERWERFF suggested that this be done as a subsequent step.

#### ACTION TAKEN:

Upon a motion duly made, seconded and carried 4-1 (Chapman voting no), staff was directed to return to the Engineering Committee with a proposal from Brady Engineering for design and implementation of immediate recommendations and to prepare a schedule for design and implementation of long-term improvements.

B. Peters Canyon Treatment Plant Feasibility. Mr. SUDOL made a powerpoint presentation on the feasibility study prepared by Brady Engineering. He said that the study finding was that the package membrane filtration system warranted further study based on an estimated breakeven at 5- 9 years with \$1.4 million annual water cost savings after that. Ms. OHLUND noted that this was a very cursory overview, just to assess whether there is a feasible option for further exploration. Mr. SUDOL reviewed the history of the plant and the scope of the feasibility analysis, including cost for demolition of the old plant and abatement of hazardous materials from the demolition, and site configuration and constraints. A conventional treatment plant will not fit in the available footprint. Technology comparable to IRWD's Baker Plant which is now at 90% design and will use the same untreated source, was reviewed but would also not fit the footprint and is relatively expensive. Mr. HEIERTZ noted that a significant cost is solids disposal. Comparable package plant technologies were also investigated, including GE, Siemens, and CENTROL. Mr. SUDOL also reviewed a 20 year financing with unrefined assumptions, and the resultant payback analysis.

Director CHAPMAN said he was in favor of pursuing the idea but questioned why MWD's treatment cost would create such a large differential, and Ms. OHLUND said it was her understanding that the use of ozone drives that cost. Director BARRETT recalled that a similar proposal several years ago to IRWD was not feasible, and Mr. HEIERTZ said his recollection was that a lower cost of Irvine Lake water was assumed, and MWD's treatment surcharge was then much lower. Ms. OHLUND said staff would like to explore working with IRWD, taking advantage of their experience from the ongoing development of the Baker Plant. Mr. HEIERTZ said IRWD would be interested in exploring a joint project at the Peters Canyon site. He said IRWD is interested in diversification of its supplies, but because it has other supplies it would likely be a small participant. Ms. OHLUND noted that EOCWD's retailers' interest will be explored.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, staff was directed to prepare a plan for engineering and financial requirements and institutional arrangements to implement a new potable water treatment system at the Peters Canyon site, for further review by Operations & Personnel Committee and the Board Of Directors.

4. **General Manager's Report.** Ms. OHLUND responded to questions concerning the evaluation of the noise and vibration from the East Well.

ACTION TAKEN:

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

5. **Minutes.**

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the minutes of the meeting of September 20, 2012, were approved as submitted.

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

C. **Joint Study With Serrano Water District.** President VANDERWERFF reported that he and Ms. OHLUND met with representatives of Serrano Water District and LAFCO to continue discussions of shared services and consolidation opportunities. He said the issues are similar to those discussed previously, and SWD will continue their review and report back to EOCWD, probably in a few months.

D. **Water Demand Status Report.** Ms. OHLUND said demand is trending at about the past four year average, and conservation demand reduction appears to be firm.

7. **Financial Matters.**

A. **Schedule of Disbursements.** Schedules of disbursements in the following amounts were presented: \$714,895.52 from Wholesale and Retail Operating Funds, \$0 from the Chapman Avenue Account (closed), \$2,297.58 for directors' payroll, and \$34,788.19 for employees' payroll. On behalf of the Finance Committee, Director CHAPMAN recommended approval.

ACTION TAKEN:

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

B. Investment Activity. On behalf of the Finance Committee, Director CHAPMAN recommended approval of the investment schedules.

ACTION TAKEN:

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

C. Financial Statements (August 31). On behalf of the Finance Committee, Director CHAPMAN recommended receipt and filing of the financial statements.

ACTION TAKEN:

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

D. Local Agency Investment Fund – Modification of Authorizations. Ms. OHLUND said the Office Manager is needed as an additional District representative authorized to order deposits and withdrawals. She explained that. She reviewed the current transfer procedure and request form which requires two Directors' signatures, replacing the previous procedure using checks to move between funds. Director BELL asked that a space be added to the form for the date and signature of the person who made the transfer, and that Ms. OHLUND receive the forms and provide them to Ms. Mackall for all transfers during the month.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Resolution No. 709 was adopted, entitled: "Resolution of the Board of Directors of the East Orange County Water District Regarding Designation of Officers Authorized To Order Deposit and Withdrawal of District Funds In and From the Local Agency Investment Fund," and the Board directed that all such transfers be made in accordance with the District's funds transfer procedures.

**8. Miscellaneous Matters.**

A. Independent Special Districts of Orange County Executive Committee. Following discussion, Director BARRETT agreed to act as alternative representative in lieu of Director BELL.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Director DULEBOHN and Director BARRETT were designated as representative and alternate representative, respectively, and the District's votes were authorized to be cast as deemed appropriate in the voting representative's discretion.

B. October 2012 Customer Newsletter. Ms. OHLUND presented a draft of the newsletter.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the General Manager was authorized and directed to distribute the newsletter.

C. Reports from Committees and Representatives to Organizations. None.

D. Directors' Reports on Meetings Attended. None.

9. Informational Items. None.

10. Adjournment.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 7:40 p.m., the next regular meeting date and time being Thursday, November 15, 2012, at 5:00 p.m., to be held in the Offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California.

Respectfully submitted,



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Joan C. Arneson

# MEMO

**TO:** BOARD OF DIRECTORS  
**FROM:** GENERAL MANAGER  
**SUBJECT:** EAST WELL REHABILITATION – AWARD OF CONTRACT  
**DATE:** DECEMBER 14, 2012

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## **BACKGROUND**

As reported previously, staff noted that the East Well has developed a vibration/cavitation sound while operating, indicating a probable issue with the pump bowls and/or impellers. Because the pump must be pulled from the well to address this problem, it is good operating practice to rehabilitate (clean, inspect and repair/replace) all surfaces and mechanical parts at the same time.

A Request for Proposal to rehabilitate the East Well was sent out to five pre-qualified contractors; all five responded to the bid request. The detailed bid results are shown on the attached table and summarized below:

Tri County Pump Company	\$41,727.00
General Pump Company	41,782.75
Bakersfield Well & Pump Company	47,800.00
Layne Christensen Company	53,670.00
Weber Water Resources	55,760.00

The low bidder on the project was Tri County Pump Company at \$41,727.00; their bid includes supplying a new stainless steel bowl assembly (in lieu of the current bronze assembly which is a softer metal and is less resistant to abrasion and corrosion). It is expected that the work will take approximately one-month to perform.

## **RECOMMENDATION**

The Board award a contract for the East Well Rehabilitation Project to Tri County Pump Company in an amount not-to-exceed \$41,727.00.

# EAST WELL REHABILITATION PROJECT 2012

	Mobilization and Demobilization	Removal and Insatlation of Pump	Pump Inspection	Pre-Cleaning Video Survey	Well Brushing	Second Video Log	Chlorine Treatment	Final Test of Well	
<b>Contractor</b>	<b>Bid Item 1</b>	<b>Bid Item 2</b>	<b>Bid Item 3</b>	<b>Bid Item 4</b>	<b>Bid Item 5</b>	<b>Bid Item 6</b>	<b>Bid Item 7</b>	<b>Bid Item 8</b>	<b>Total Cost</b>
General Pump Company	\$5,770.00	\$11,808.00	\$980.00	\$1,108.00	\$2,900.00	\$1,000.00	\$1,475.00	\$1,100.00	\$26,141.00
Bakersfield Well and Pump Company	\$6,600.00	\$11,200.00	\$2,000.00	\$1,250.00	\$3,000.00	\$1,250.00	\$1,500.00	\$1,200.00	\$28,000.00
Tri County Pump Company	\$3,240.00	\$11,620.00	\$850.00	\$1,000.00	\$6,750.00	\$1,000.00	\$2,750.00	\$1,120.00	\$28,330.00
Layne Christensen Company	\$6,931.00	\$9,772.00	\$2,875.00	\$1,712.00	\$7,788.00	\$1,712.00	\$3,256.00	\$1,867.00	\$35,913.00
Weber Water Resources	\$5,380.00	\$12,960.00	\$1,440.00	\$1,020.00	\$12,740.00	\$1,020.00	\$3,000.00	\$1,200.00	\$38,760.00

	Column Cleaning	New Bowl Assembly	Motor Rebuild	
<b>Contractor</b>	<b>Option B</b>	<b>Option C</b>	<b>Option C</b>	<b>Total</b>
General Pump Company	\$880.00	\$9,800.00	\$3,900.00	
(with Tax)	\$880.00	\$10,559.50	\$4,202.25	\$15,641.75
Bakersfield Well and Pump Company	\$5,000.00	\$10,950.00	\$3,850.00	\$19,800.00
Tri County Pump Company	\$1,250.00	\$9,387.00	\$2,760.00	\$13,397.00
Layne Christensen Company	\$2,581.00	\$9,514.00	\$5,662.00	\$17,757.00
Weber Water Resources	\$1,800.00	\$11,750.00	\$3,450.00	\$17,000.00



# EAST WELL REHABILITATION PROJECT 2012

	8x20 Column	8x10 Column	Centering Rings	2.5x1.5x20 Tube and Shaft	2.5x1.5x10 Tube and Shaft	Stainless Steel Cone Strainer	422 feet of 1/4" airline	Oil Dripper	Head Shaft	
<b>Contractor</b>	<b>Parts</b>	<b>Parts</b>	<b>Parts</b>	<b>Parts</b>	<b>Parts</b>	<b>Parts</b>	<b>Parts</b>	<b>Parts</b>	<b>Parts</b>	<b>Total</b>
General Pump Company	\$950.00	\$400.00	\$100.00	\$895.00	\$550.00	\$290.00	\$950.00	\$105.00	\$664.00	
(with Tax)	\$1,023.62	\$431.00	\$107.75	\$964.36	\$592.62	\$312.47	\$1,023.62	\$113.13	\$715.46	\$5,284.03
Bakersfield Well and Pump Company	\$654.00	\$385.00	\$15.50	\$655.00	\$340.00	\$770.00	\$1,055.00	\$74.00	\$465.00	\$4,413.50
Tri County Pump Company	\$645.00	\$365.00	\$25.00	\$656.00	\$366.00	\$655.00	\$2,321.00	\$88.00	\$650.00	\$5,771.00
Layne Christensen Company	\$795.00	\$472.00	\$17.00	\$722.00	\$389.00	\$663.00	\$1,018.00	\$50.00	\$290.00	\$4,416.00
Weber Water Resources	\$670.00	\$435.00	\$10.00	\$661.00	\$429.00	\$645.00	\$1,240.00	\$47.00	\$300.00	\$4,437.00

<b>Contractor</b>	<b>Bid Sheet Total</b>	<b>Options Total</b>	<b>Combined Total</b>
General Pump Company	\$26,141.00	\$15,641.75	<b>\$41,782.75</b>
Bakersfield Well and Pump Company	\$28,000.00	\$19,800.00	\$47,800.00
Tri County Pump Company	\$28,330.00	\$13,397.00	<b>\$41,727.00</b>
Layne Christensen Company	\$35,913.00	\$17,757.00	\$53,670.00
Weber Water Resources	\$38,760.00	\$17,000.00	\$55,760.00



# MEMO

**TO: BOARD OF DIRECTORS**  
**FROM: GENERAL MANAGER**  
**SUBJECT: WHOLESALE AND RETAIL ZONE WATER DEMANDS – NOVEMBER 2012**  
**DATE: NOVEMBER 11, 2012**

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## **Wholesale Zone Water Demands**

Attached is a graphical representation of the Wholesale Zone water demand through November 30, 2012. Total water sales for the month of June totaled 360.40 AF; total year-to-date sales are 2,843 AF. This is a 243 AF or 206% increase in demand over November, 2012.

## **Retail Zone Water Demands**

Also attached are graphs depicting the Retail Zone's water demand. As shown in Figure 1, total demand for the month of November was 75 AF; this is 4 AF or 5% below our average of the last 4 years. Figure 2 shows that after an increase in demand in October/November, demand is now tracking close to FY 11-12 demand.

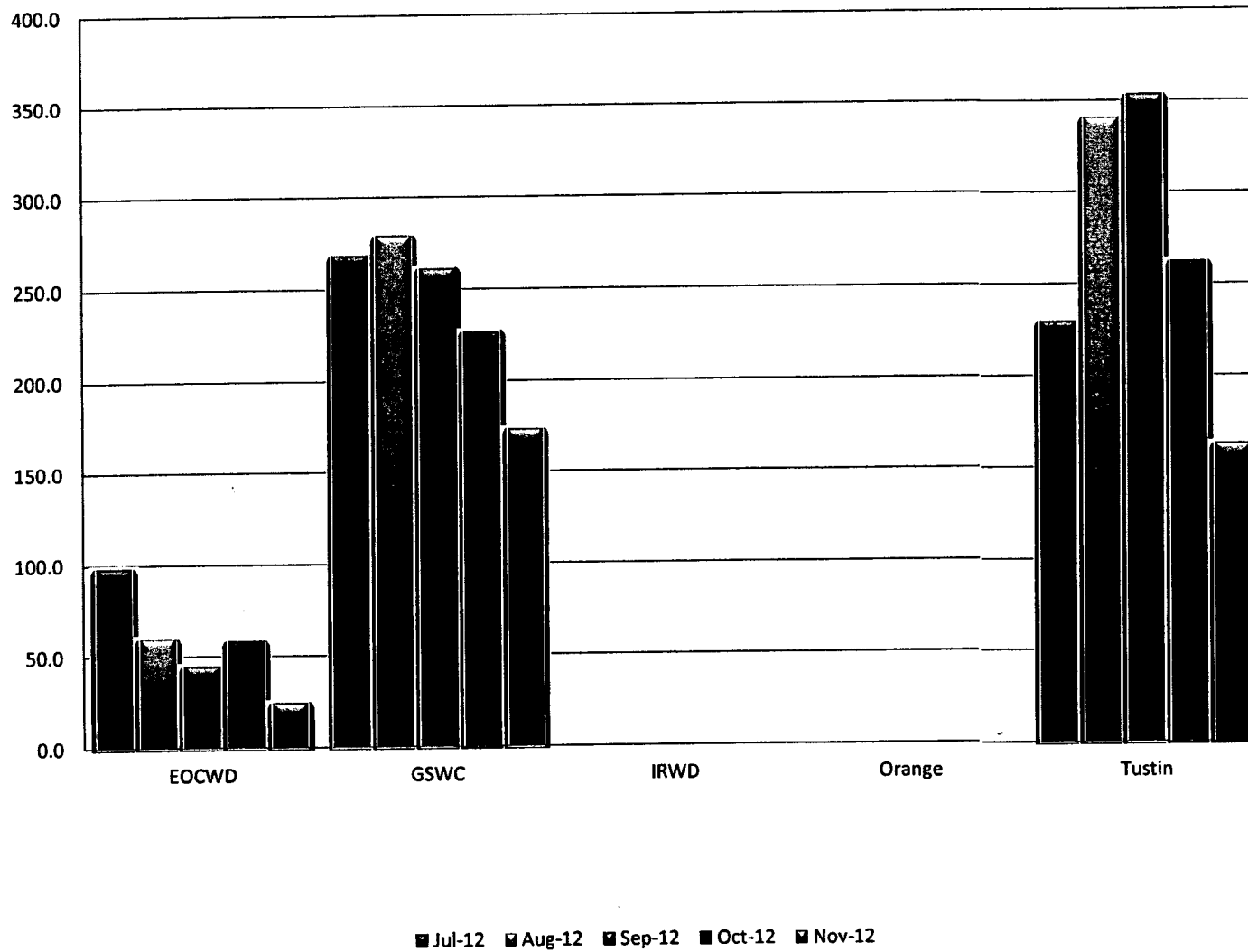
## **Addition Water Supply Information**

As we enter the wettest period of the year, attached please find current information related to accumulated precipitation, the State Water Project Allocation for the last three years; the OCWD Accumulated Groundwater Basin Overdraft and reservoir storage in the largest of the State's reservoirs.

## Wholesale Zone Water Demand

Total Monthly Sales for November 2012 = 360.40 AF

Total YTD Sales for July - June 2013 = 2,842.59 (AF)



**Fig. 1**

**Monthly Retail Water Usage: FY 12-13 "Retail" Water [1] versus Average**

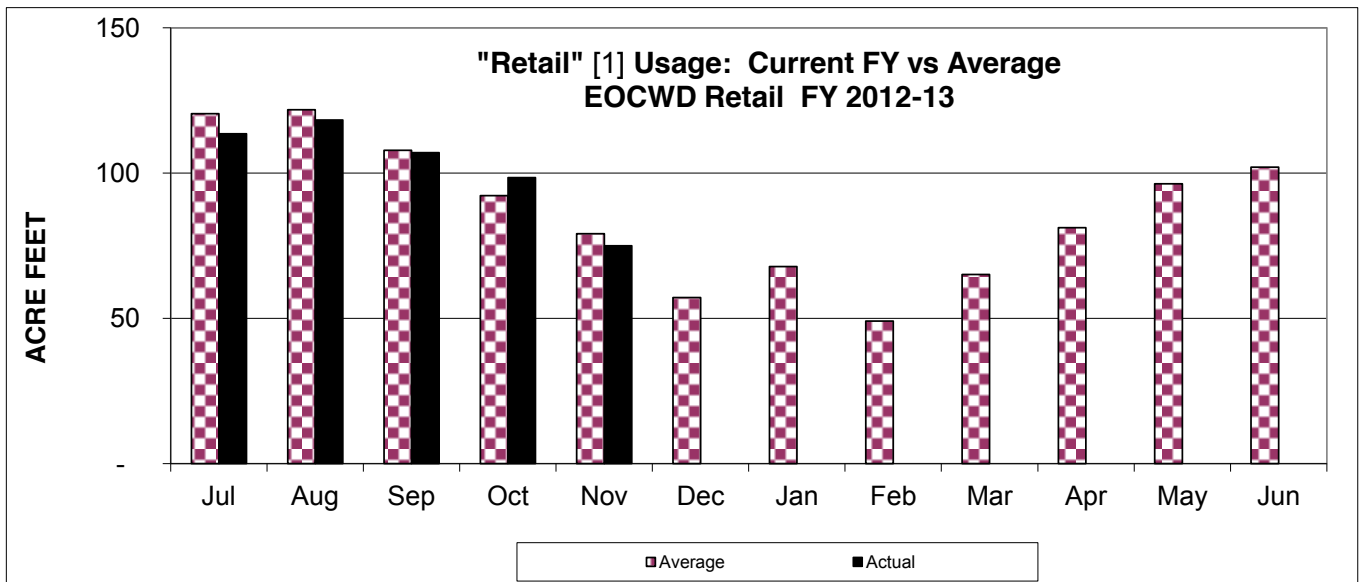
Retail Agency: **EOCWD Retail Zone**

*Preliminary  
numbers subject to change*

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
2008-09 Usage	127	127	114	108	96	57	91	46	83	101	103	100	1,152
2009-10 Usage	123	124	112	97	86	55	52	35	59	74	96	110	1,021
2010-11 Usage	112	118	109	76	73	49	58	55	54	78	92	98	970
2011-12 Usage	120	119	98	88	63	68	70	60	65	72	95	100	1,017
<b>Average Usage</b>	<b>120</b>	<b>122</b>	<b>108</b>	<b>92</b>	<b>79</b>	<b>57</b>	<b>68</b>	<b>49</b>	<b>65</b>	<b>81</b>	<b>96</b>	<b>102</b>	<b>1,040</b>

**Current Year "Retail" [1] Usage, by Source**

MET water purch.	-	-	-	-	-	-	-	-	-	-	-	-	-
plus CUP-IN	-	-	-	-	-	-	-	-	-	-	-	-	-
MET purch. via EO Whole:	98.1	60.0	45.0	58.5	24.4	-	-	-	-	-	-	-	286.0
subtract In-Lieu	-	-	-	-	-	-	-	-	-	-	-	-	-
MET sold to	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>MET Total</b>	<b>98</b>	<b>60</b>	<b>45</b>	<b>59</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>286</b>
OCWD Pumped GW	15.4	58.3	62.0	40.0	50.6	-	-	-	-	-	-	-	226.3
OCWD In-Lieu	-	-	-	-	-	-	-	-	-	-	-	-	-
other:	-	-	-	-	-	-	-	-	-	-	-	-	-
other:	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Local Total</b>	<b>15</b>	<b>58</b>	<b>62</b>	<b>40</b>	<b>51</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>226</b>
<b>"Retail" [1] Usage 12-13</b>	<b>114</b>	<b>118</b>	<b>107</b>	<b>99</b>	<b>75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>512</b>
Current FY vs Average	-6%	-3%	-1%	+7%	-5%	-	-	-	-	-	-	-	-



[1] "Retail" usage includes MET water and Local water but **excludes recycled water**.

**Fig. 2**

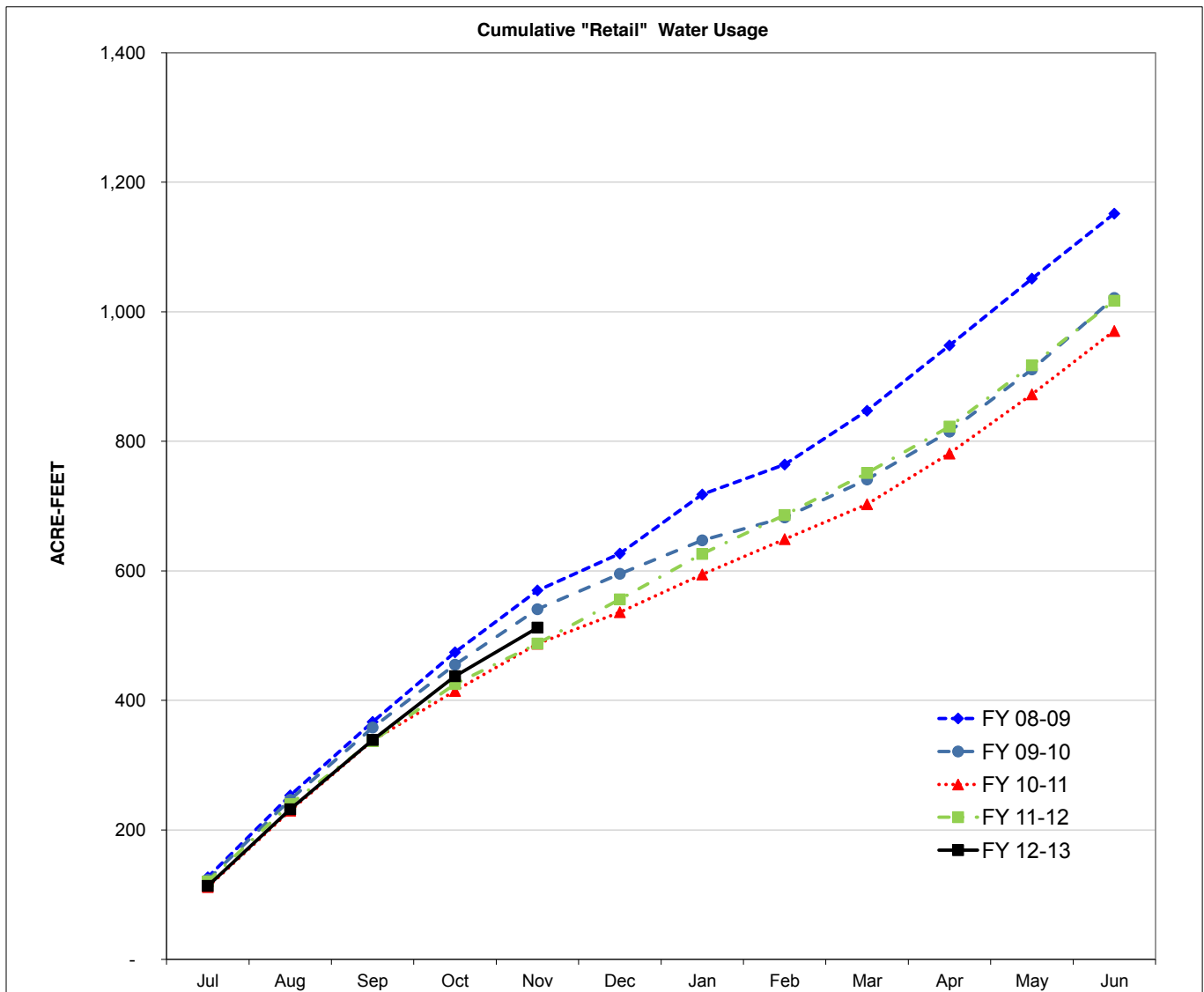
**Cumulative Monthly "Retail Water" [1] Demand In Current and Previous Fiscal Years**

cumulative through the end of the last month shown

**EOCWD Retail Zone**

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

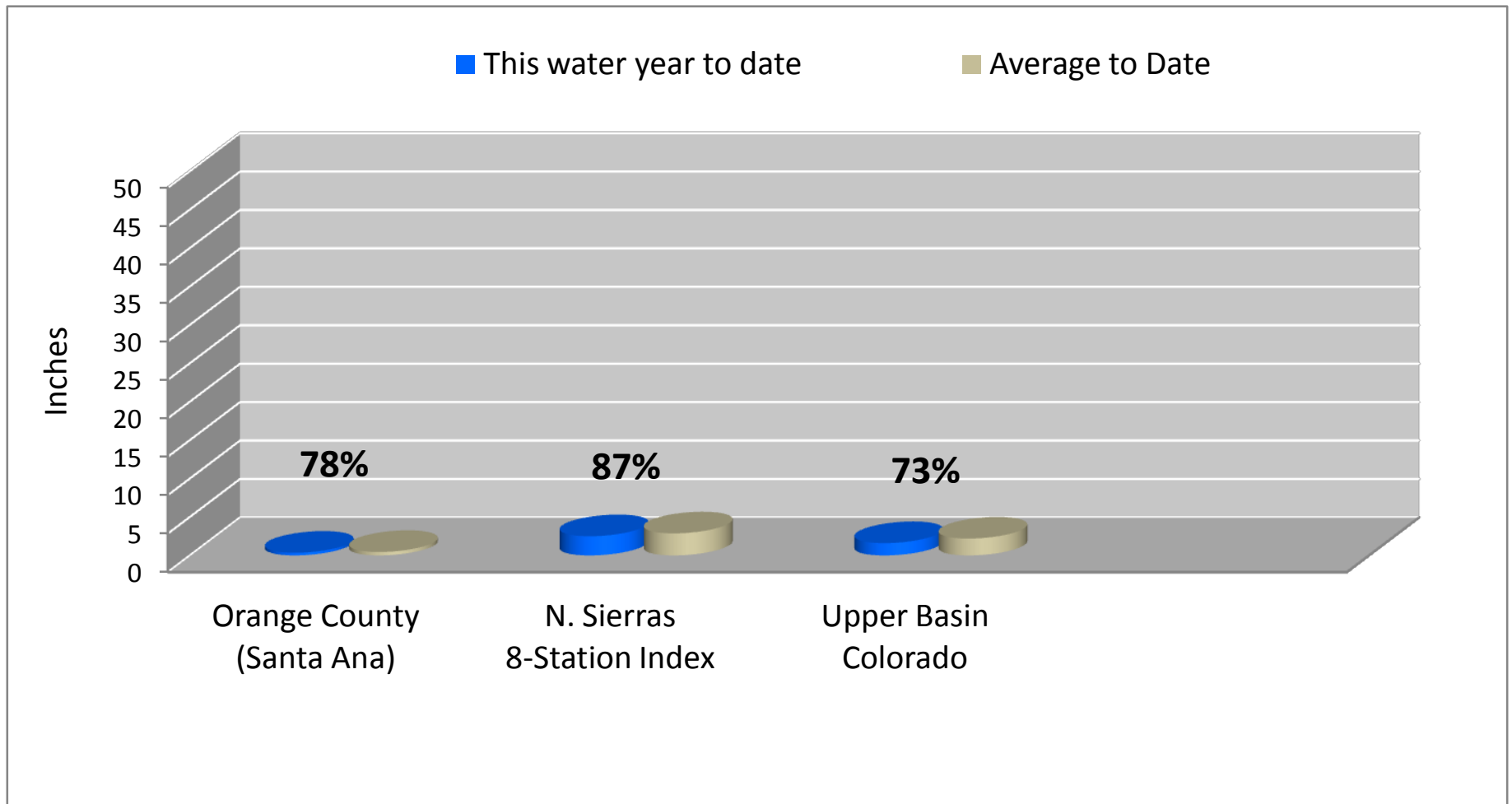
*Preliminary  
numbers subject to change*



[1] "Retail" usage includes MET water and Local water (excluding recycled water).

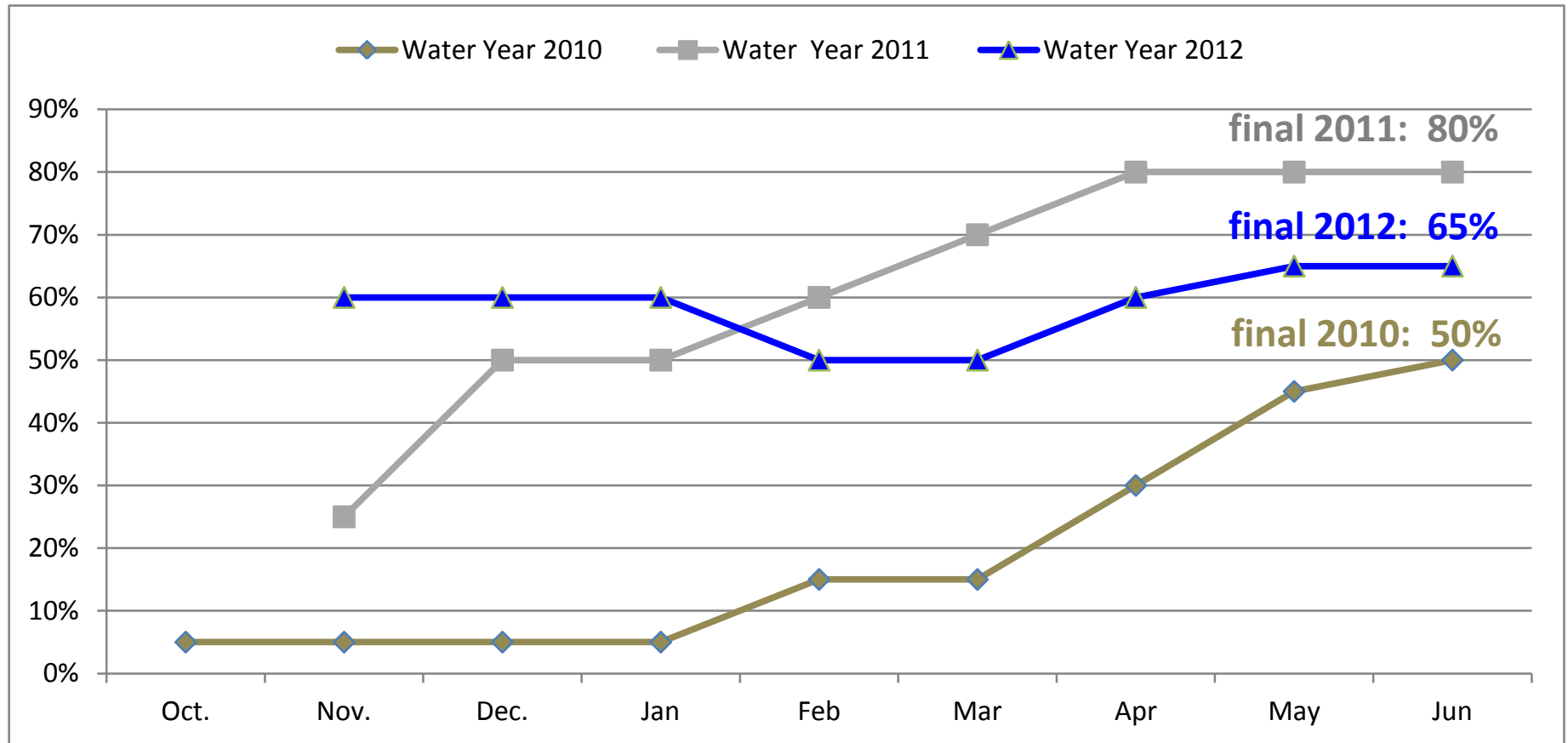
# Accumulated Precipitation

for the Oct.-Sep. water year, as of 10-31-2012



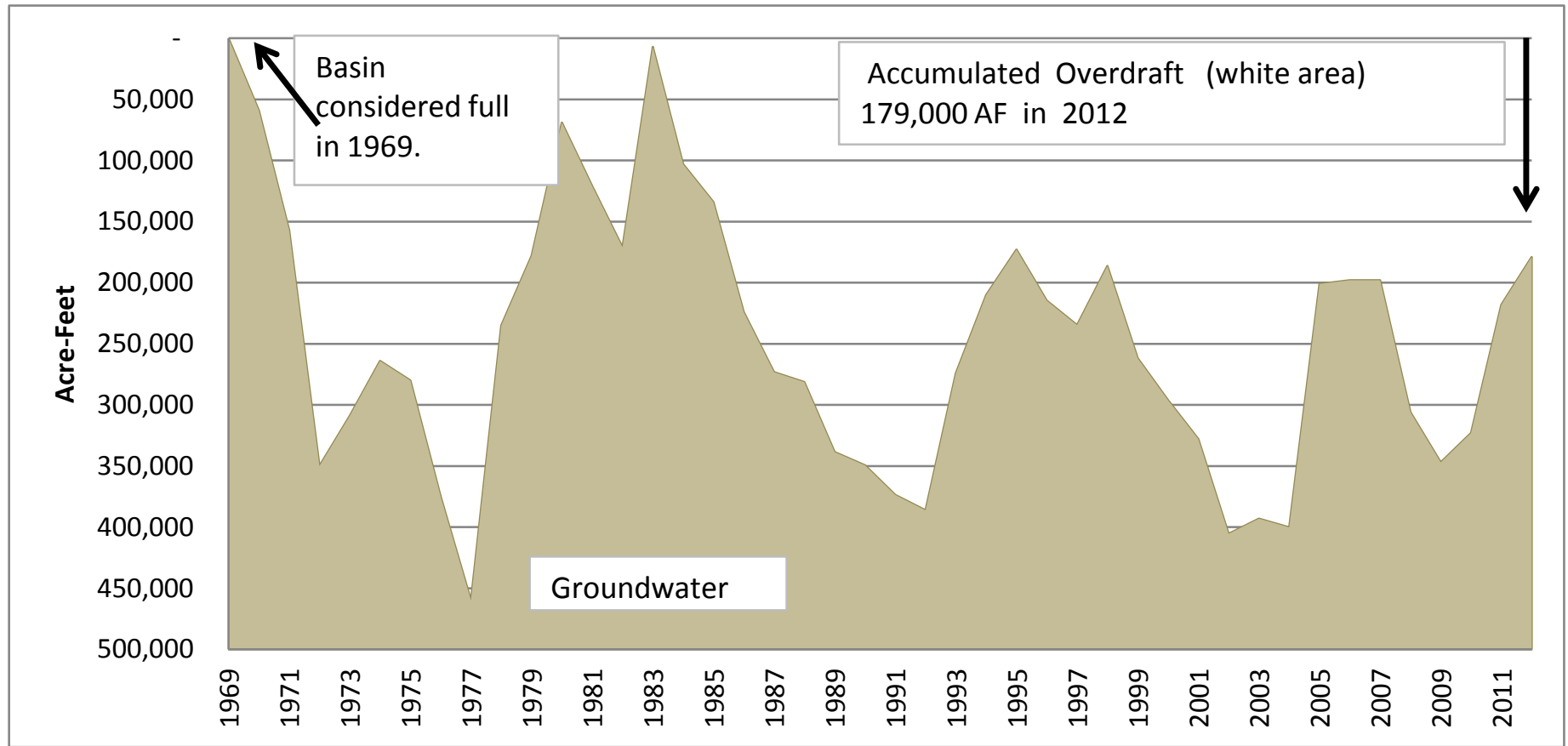
# SWP Table A Allocation

## for State Water Project Contractors



# OCWD Basin Accumulated Overdraft

Annual, 1969 to present



values as of June 30th

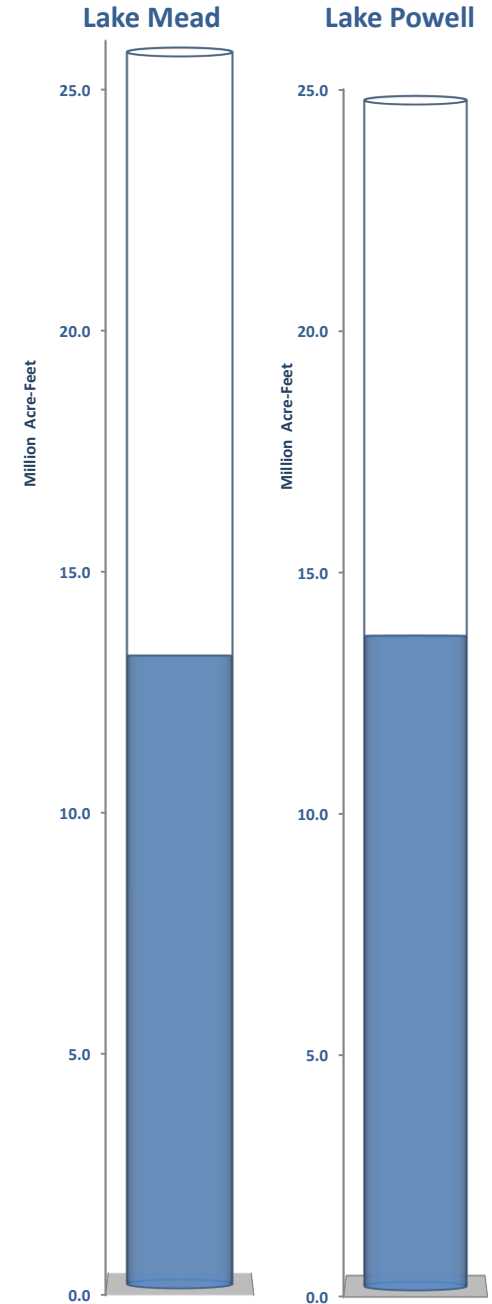
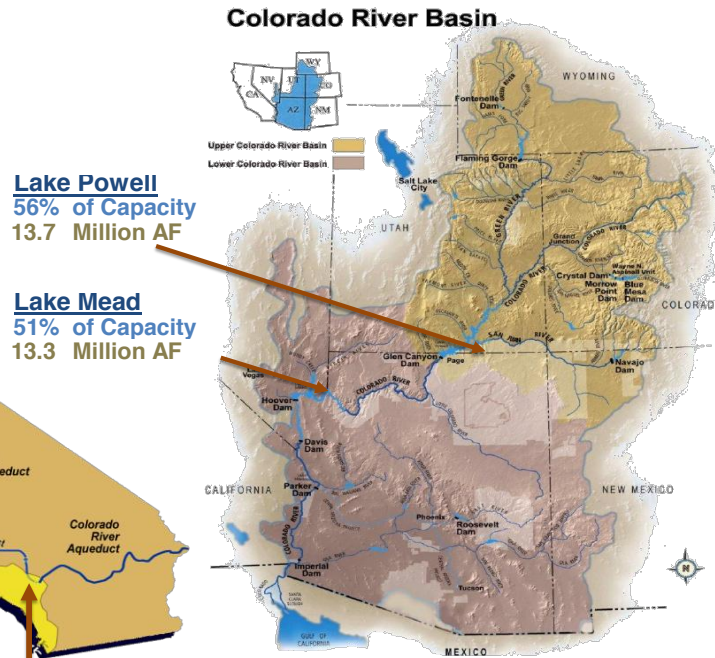
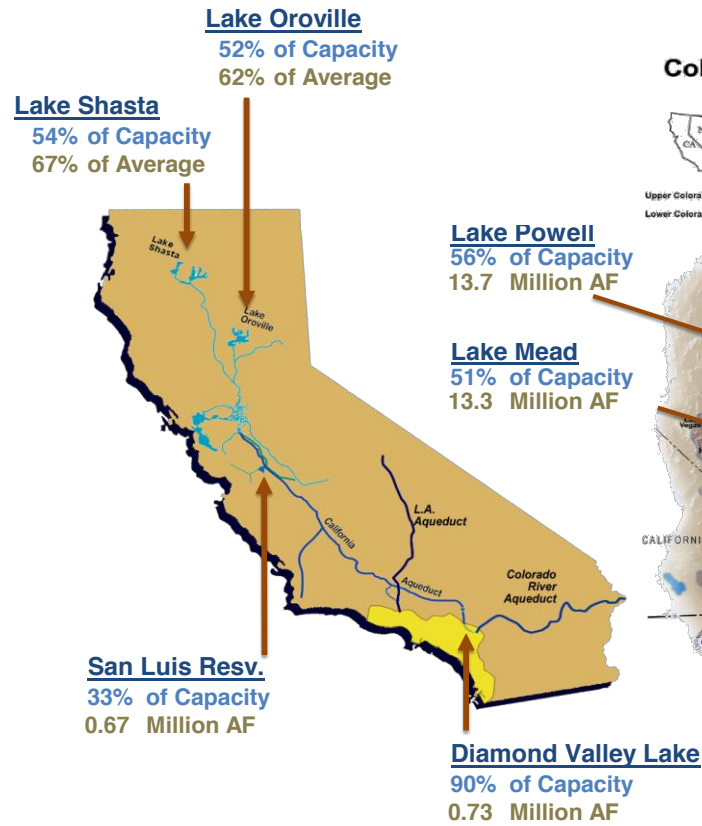


source: OCWD

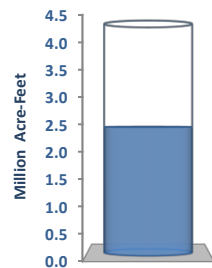


# California, Colorado R., and MET Reservoir Storage

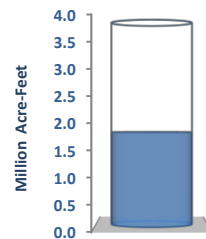
As of 10/31/2012



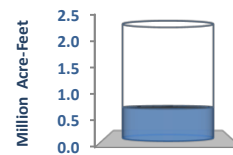
Lake Shasta



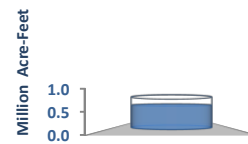
Lake Oroville



San Luis Resv.



Diamond Valley Lake



**EAST ORANGE COUNTY WATER DISTRICT**

**DISBURSEMENT SUMMARY  
DECEMBER 20, 2012**

WHOLESALE AND RETAIL BILLS	\$599,743.47
CHAPMAN AVENUE ACCOUNT (ACCOUNT CLOSED)	\$0.00
DIRECTOR'S PAYROLL (11/15/2012 PAYROLL)	\$2,809.54
EMPLOYEE'S PAYROLL (11/14/12 + 11//28/2012)	\$38,042.77
<b>DISBURSEMENT TOTAL</b>	<b><u><u>\$640,595.78</u></u></b>

**TRANSFER SUMMARY  
DECEMBER 20, 2012**

TRANSFERS	\$ 984,875.74
<b>TRANSFER TOTAL</b>	<b><u><u>\$984,875.74</u></u></b>

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

Check History Report  
Sorted By Check Number  
Activity From: 11/16/2012 to 12/14/2012

EAST ORANGE COUNTY WATER DIST (EOC)

Bank Code: A CHECKING- CA BANK & TRUST

Check Number	Check Date	Vendor Number	Name	Check Amount	Check Type
007930	11/16/2012	M172283	JERRY MENDZER	284.16	Auto
007931	11/28/2012	A034150	ACWA-JPIA (EMP INSURANCE)	8,260.75	Auto
007932	11/28/2012	A034154	ACWA	2,531.56	Auto
007933	11/28/2012	A724082	AT&T	851.43	Auto
007934	11/28/2012	B565648	BOWIE ARNESON WILES & GIANNONE	2,591.85	Auto
007935	11/28/2012	C505335	CNH CAPITAL	116.90	Auto
007936	11/28/2012	D562147	DOTY BROS EQUIPMENT CO.	1,135.42	Auto
007937	11/28/2012	E028422	EAST ORANGE COUNTY WATER DIST.	50,577.43	Auto
007938	11/28/2012	G172337	GENERATOR SERVICES CO, INC	1,885.78	Auto
007939	11/28/2012	M028769	MATRIX COMPUTER SERVICE	285.00	Auto
007940	11/28/2012	M188342	MEYERS / NAVE	935.00	Auto
007941	11/28/2012	M842327	MWDOC	37,423.36	Auto
007942	11/28/2012	O81196	OCCU-MED LTD	1,011.00	Auto
007943	11/28/2012	P139404	PDQ RENTAL CENTER	1,200.00	Auto
007944	11/28/2012	P706224	PSOMAS	213.81	Auto
007945	11/28/2012	P734790	PTI SAND & GRAVEL	316.55	Auto
007946	11/28/2012	PETTY	DENISE DOBSON - PETTY CASH	146.52	Auto
007947	11/28/2012	R667738	G O RODRIGUEZ TRUCKING, INC	749.10	Auto
007948	11/28/2012	S005733	SADDLEBACK EQUIP. RENTALS, INC	299.00	Auto
007949	11/28/2012	S178859	SERRANO WATER DISTRICT	3,922.38	Auto
007950	11/28/2012	S563332	SOUTHERN CALIFORNIA EDISON	94.77	Auto
007951	11/28/2012	T764656	TRUESDAIL LABORATORIES, INC	227.00	Auto
007952	11/28/2012	U648660	URBAN WATER INSTITUTE, INC	500.00	Auto
007953	11/28/2012	W325309	WINWATER	325.41	Auto
007954	12/11/2012	A001605	A & B ELECTRIC	2,235.10	Auto
007955	12/11/2012	A435319	ALLCOM	170.00	Auto
007956	12/11/2012	A647854	ARAMARK UNIFORM SERVICES	162.44	Auto
007957	12/11/2012	A724082	AT&T	41.68	Auto
007958	12/11/2012	A724083	AT&T	120.25	Auto
007959	12/11/2012	C002110	CA BANK & TRUST	1,757.86	Auto
007960	12/11/2012	CUST RZ	TERRA PAVE	944.05	Auto
007961	12/11/2012	F157570	CHARLES Z FEDAK & CO	520.00	Auto
007962	12/11/2012	G172337	GENERATOR SERVICES CO, INC	1,885.78	Auto
007963	12/11/2012	G177995	GERBER CONCRETE SERVICES	2,326.75	Auto
007964	12/11/2012	H550882	HOME DEPOT CREDIT SERVICES	1,654.77	Auto
007965	12/11/2012	M842327	MWDOC	462,514.32	Auto
007966	12/11/2012	O284291	LISA OHLUND	50.00	Auto
007967	12/11/2012	O649654	ORANGE COUNTY TREASURER	70.00	Auto
007968	12/11/2012	P448954	MATT PLUMMER	100.00	Auto
007969	12/11/2012	P706224	PSOMAS	2,000.23	Auto
007970	12/11/2012	S005733	SADDLEBACK EQUIP. RENTALS, INC	376.90	Auto
007971	12/11/2012	S077326	SC FUELS	976.30	Auto
007972	12/11/2012	S563332	SOUTHERN CALIFORNIA EDISON	5,217.51	Auto
007973	12/11/2012	T764656	TRUESDAIL LABORATORIES, INC	463.50	Auto
007974	12/11/2012	U499787	UNDERGROUND SERVICE ALERT	61.50	Auto
007975	12/11/2012	V178373	VERIZON WIRELESS	175.65	Auto
007976	12/11/2012	X178697	XEROX CORPORATION	34.70	Auto
Bank A Total:				599,743.47	
Report Total:				599,743.47	

EAST ORANGE COUNTY WATER DISTRICT  
 CALIFORNIA BANK & TRUST  
 Prior Month's Checks To Ratify  
 DIRECTORS' PAYROLL \*  
 DECEMBER 20, 2012

***PAYMENT FOR BOARD AND COMMITTEE MEETINGS IN THE MONTH OF  
 OCTOBER 2012***

DATE	CHECK NO	AMOUNT	PAYABLE TO
11/15/12	565	\$280.05	RICHARD BARRETT
11/15/12	566	\$396.74	RICHARD BELL
11/15/12	567	\$280.05	DOUGLAS CHAPMAN
11/15/12	568	\$280.05	JOHN DULEBOHN
11/15/12	569	\$903.45	WILLIAM VANDER WERFF
		<u>\$2,140.34</u>	TOTAL PAYROLL CHECKS

**PAYROLL TAXES, ADP CHARGE, AND PERS EFT**  
(PERS TRANSFERRED WITH EMPLOYEE PAYROLL)

11/15/2012	\$354.87	ADP TAXES
11/15/2012	\$87.92	ADP CHARGE
11/15/2012	\$226.41	PERS ELECTRONIC FUNDS TRANSFER
	<u>\$669.20</u>	TOTAL CHARGES & TRANSFER
	<u><b>\$2,809.54</b></u>	<b>GRAND TOTAL PAYROLL</b>

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

EAST ORANGE COUNTY WATER DISTRICT  
CALIFORNIA BANK & TRUST  
Prior Month's Checks To Ratify  
EMPLOYEES' PAYROLL\*  
DECEMBER 20, 2012

	CHECK DATE	CHECK AMOUNT	PAYABLE TO
AUTO DEPOSIT	11/14/2012	\$ 1,398.63	DENISE DOBSON
AUTO DEPOSIT	11/14/2012	\$ 400.00	DENISE DOBSON- SAVINGS
AUTO DEPOSIT	11/14/2012	\$ 1,873.34	RANDY DUNN
AUTO DEPOSIT	11/14/2012	\$ 1,989.79	JERRY MENDZER
AUTO DEPOSIT	11/14/2012	\$ 1,657.73	LISA OHLUND
AUTO DEPOSIT	11/14/2012	\$ 1,543.34	MATTHEW PLUMMER
AUTO DEPOSIT	11/14/2012	\$ 422.96	NICOLE HOPP
CK # 126	11/14/2012	\$ 1,077.94	EVERETT MC KEEHAN
CK # 127	11/14/2012	\$ 40.00	STATE OF CALIFORNIA FRANCHISE TAX BOARD - WAGE GARNISHMENT
AUTO DEPOSIT	11/28/2012	\$ 1,398.63	DENISE DOBSON
AUTO DEPOSIT	11/28/2012	\$ 400.00	DENISE DOBSON- SAVINGS
AUTO DEPOSIT	11/28/2012	\$ 3,056.30	RANDY DUNN
AUTO DEPOSIT	11/28/2012	\$ 1,969.34	JERRY MENDZER
AUTO DEPOSIT	11/28/2012	\$ 1,673.40	LISA OHLUND
AUTO DEPOSIT	11/28/2012	\$ 1,261.18	MATTHEW PLUMMER
AUTO DEPOSIT	11/28/2012	\$ 312.94	NICOLE HOPP - TEMP
CK # 128	11/28/2012	\$ 744.14	EVERETT MC KEEHAN
CK # 129	11/28/2012	\$ 40.00	STATE OF CALIFORNIA FRANCHISE TAX BOARD - WAGE GARNISHMENT
		<u>\$ 21,259.66</u>	TOTAL PAYROLL CHECKS

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

11/14/2012	\$4,832.75	ADP TAXES
11/14/2012	\$2,018.75	PERS ELECTRONIC FUNDS TRANSFER
11/14/2012	\$1,200.00	CAL PERS 457 - ING BANK
11/14/2012	\$92.45	ADP CHARGE
11/28/2012	\$5,269.80	ADP TAXES
11/28/2012	\$2,076.91	PERS ELECTRONIC FUNDS TRANSFER
11/28/2012	\$1,200.00	CAL PERS 457 - ING BANK
11/28/2012	\$92.45	ADP CHARGE & ADJUSTMENT

PAYROLL 11/14/2012	PAYROLL 11/28/2012
\$10,403.73	\$10,855.93
\$8,143.95	\$8,639.16
<b>\$18,547.68</b>	<b>\$19,495.09</b>

<u>\$16,783.11</u>	TOTAL TRANSFERS
<u><b>\$38,042.77</b></u>	<b>GRAND TOTAL PAYROLL</b>

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

FUNDS TRANSFERRED BETWEEN ACCOUNTS  
DECEMBER 20, 2012

<u>DATE PAID</u>	<u>TRANSFER NO</u>	<u>AMOUNT</u>	<u>FROM</u>	<u>TO</u>	<u>REASON FOR FUND TRANSFER</u>
11/5/2012	T4	\$ 500,000.00	CB&T CHECKING	RAYMOND JAMES	INVESTMENTS
11/7/2012	T5	\$ 184,242.56	CB&T MONEY MARKET	CB&T CHECKING	MWDOC BILL & BILLS FOR CONSIDERATION
11/7/2012	T6	\$ 170,000.00	LAIF	CB&T CHECKING	MWDOC BILL & BILLS FOR CONSIDERATION
11/27/2012	T7	\$ 130,633.18	CB&T MONEY MARKET	CB&T CHECKING	BILLS FOR CONSIDERATION
		<u><b>\$ 984,875.74</b></u>			<b>GRAND TOTAL</b>



## Treasurer's Report

December 17, 2012

Board of Directors  
East Orange County Water District

### DIRECTORS

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

Lisa Ohlund  
General Manager

The accompanying information contained in Schedule 1, Distribution of Investment Activity for the month November 2012, and Schedule 2, Investment Portfolio, as of November 30, 2012 (which are presented only for supplementary analysis purposes) have been prepared by management who is responsible for their integrity and objectivity. These schedules have not been compiled, reviewed or audited by outside accountants.

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

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

*Carl R. Schoonover*

Carl R. Schoonover  
Treasurer

185 N Mc Pherson Road  
Orange, CA 92869-3720

[www.eocwd.com](http://www.eocwd.com)

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

**EAST ORANGE COUNTY WATER DISTRICT**  
**SCHEDULE 1 - INVESTMENT ACTIVITY**  
**NOVEMBER 30, 2012**

	SECURITY TYPE	BOOK VALUE
<b>BEGINNING BALANCES NOVEMBER 1, 2012</b>		
LOCAL AGENCY INVESTMENT FUND	DEMAND LAIF	4,956,284
MORGAN STANLEY SMITH BARNEY-MM	DEMAND MONEY MARKET	0
RAYMOND JAMES-CDs	DEMAND BROKERAGE	500,010
DUE TO FROM OTHER FUNDS	DUE TO/FROM	0
US TREASURY OBLIGATIONS	US TREASURY	0
<b>Total</b>		<b>5,456,294</b>
<b>ACTIVITY</b>		
<b>ADDITIONS</b>		
DEPOSIT TO MORGAN STANLEY SMITH BARNEY	DEMAND MM	0
DEPOSIT TO LAIF-FROM CHECKING	DEMAND LAIF	0
DEPOSIT TO LAIF-INTEREST	DEMAND LAIF	0
DEPOSIT TO RAYMOND JAMES-FROM CHECKING	DEMAND BROKERAGE	500,000
DEPOSIT TO RAYMOND JAMES-INTEREST	DEMAND BROKERAGE	10
SOLD MS LS US TREAS	MUTUAL FUND	0
TRANSFERS BETWEEN FUNDS	DUE TO/FROM	0
<b>REDUCTIONS</b>		
TRANSFER FROM LAIF TO CHECKING	DEMAND LAIF	(170,000)
TRANSFERS BETWEEN FUNDS	DUE TO/FROM	0
TRANSFERS TO CHECKING	DEMAND MM	
TRANSFER TO RAYMOND JAMES	DEMAND MM	0
SOLD US TREASURY BOND	US TREASURY BOND/NOTE	0
MATURITY OF US TREASURY NOTE	US TREASURY NOTE	0
PURCHASE US TREASURY BOND FED STRIP	TREASURY BOND	0
<b>ENDING BALANCES NOVEMBER 30, 2012</b>		
LOCAL AGENCY INVESTMENT FUND	DEMAND LAIF	4,786,284
MORGAN STANLEY SMITH BARNEY-MM	DEMAND MONEY MARKET	0
RAYMOND JAMES-CDs and CASH	CERTIFICATES OF DEPOSIT	1,000,021
DUE TO FROM OTHER FUNDS	DUE TO/FROM	0
US TREASURY OBLIGATIONS	US TREASURY	0
<b>TOTAL</b>		<b>5,786,305</b>



**EAST ORANGE COUNTY WATER DISTRICT  
SCHEDULE 2 - INVESTMENT PORTFOLIO  
NOVEMBER 30, 2012**

NAME	SECURITY TYPE AND NUMBER	PURCHASE DATE	MATURITY DATE	INTERI		MARKET VALUE	PURCHASE PRICE	PREMIUM OR (DISCOUNT)	ACCRUED INTEREST	FACE VALUE	% TO PORTFOLIO
				STATED	YIELD						
LAIF	DEMAND	N/A	N/A	0.324%	0.324%	4,786,284	4,786,284	0	0	4,786,284	82.78%
MS SB	MONEY MARKET	N/A	N/A	0.000%	0.000%	0	0	0	0	0	0.00%
RJ-CD	AMERICAN EXPRESS	10/25/12	01/26/15	0.850%	0.850%	99,564	100,000	0		100,000	1.73%
RJ-CD	AMERICAN EXPRESS	10/25/12	07/27/15	1.000%	1.000%	99,546	100,000	0		100,000	1.73%
RJ-CD	BMW BANK OF N AMERICA	11/19/12	11/12/15	2.000%	2.000%	102,751	102,937	2,898	38	100,000	1.73%
RJ-CD	DISCOVER BANK	10/17/12	10/17/16	1.200%	1.200%	99,564	100,000	0		100,000	1.73%
RJ-CD	GE CAPITAL RETAIL BANK	11/19/12	11/09/16	1.350%	1.350%	99,434	100,536	499	37	100,000	1.73%
RJ-CD	GE MONEY BANK	10/25/12	08/31/17	1.650%	1.650%	99,474	100,998	754	244	100,000	1.73%
RJ-CD	GOLDMAN SACHS BANK	10/11/12	10/03/17	1.550%	1.550%	99,758	99,977	-11	34	100,000	1.73%
RJ	CASH	N/A	N/A	0.000%	0.000%	295,572	295,572			295,572	5.11%
				<b>0.434%</b>		<b>\$5,781,947</b>	<b>\$5,786,305</b>	<b>\$4,142</b>	<b>\$354</b>	<b>\$5,781,857</b>	<b>100.00%</b>

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

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

**CERTIFICAT**

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

*Carl R. Schoonover*

CARL R. SCHOONOVER, TREASURER

## WHOLESALE ZONE

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

11/20/2012

<b>REVENUE</b>	MONTHLY ACTUAL REVENUE	YTD ACTUAL REVENUE	ANNUAL 2012-13 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET
DESCRIPTION					
OPERATING REVENUE:					
WATER SALES	436,870.16	3,215,426.98	2,616,994.00	598,432.98	122.87%
MWDOC CONNECTION FEES	38,157.74	155,403.03	466,600.00	(311,196.97)	33.31%
REIMBURSED EXP-IRWD	1,977.40	6,960.25	19,040.00	(12,079.75)	36.56%
OTHER CHARGES	227.40	904.00	280.00	624.00	322.86%
<b>TOTAL OPERATING REVENUE:</b>	<b>477,232.70</b>	<b>3,378,694.26</b>	<b>3,102,914.00</b>	<b>275,780.26</b>	
NON-OPERATING REVENUES (EXPENSES):					
PROPERTY TAXES	2,271.53	18,295.81	609,500.00	(591,204.19)	3.00%
RENTAL INCOME - CELLULAR ANTENNAS	12,360.49	31,950.24	94,000.00	(62,049.76)	33.99%
INTEREST & INVESTMENT EARNINGS	67.28	80.53	1,900.00	(1,839.85)	4.24%
NOTE RECEIVABLE - AMP	-	35,598.00	40,500.00	(4,902.00)	87.90%
MISCELLENIOUS INCOME	50.00	202.19	500.00	(297.81)	40.44%
MARKET VALUE ADJUSTMENT ON INVESTMENTS	-	-	-	-	0.00%
<b>TOTAL NON-OPERATING REVENUES, NET</b>	<b>14,749.30</b>	<b>86,126.77</b>	<b>746,400.00</b>	<b>(660,293.61)</b>	
<b>NET OPERATING INCOME</b>	<b>491,982.00</b>	<b>3,464,821.03</b>	<b>3,849,314.00</b>	<b>(384,513.35)</b>	

<b>EXPENSES</b>	MONTHLY ACTUAL REVENUE	YTD ACTUAL REVENUE	ANNUAL 2012-13 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET
DESCRIPTION					
OPERATING EXPENSE:					
SOURCE OF SUPPLY	437,396.13	3,215,747.88	2,616,994.00	(598,753.88)	122.88%
PIPELINE CAPACITY LEASE	39,452.94	157,204.88	479,600.00	322,395.12	32.78%
ENERGY	187.72	586.04	2,500.00	1,913.96	23.44%
OPERATIONS & MAINTENANCE	33,251.96	109,398.90	378,060.00	268,661.10	28.94%
GENERAL & ADMINISTRATIVE	12,631.55	38,721.30	236,660.00	197,938.70	16.36%
TRANSFER TO CAPITAL PROJECTS EXPENSE	11,250.00	45,000.00	135,000.00	90,000.00	33.33%
DEPRECIATION & AMORTIZATION	-	-	-	-	0.00%
<b>TOTAL OPERATING EXPENSE</b>	<b>534,170.30</b>	<b>3,566,659.00</b>	<b>3,848,814.00</b>	<b>282,155.00</b>	
<b>NET INCOME FROM OPERATIONS</b>	<b>(42,188.30)</b>	<b>(101,837.97)</b>	<b>500.00</b>	<b>(102,358.35)</b>	
PRIOR YEARS EXPENSES	-	(37,456.94)	500.00	37,956.94	
<b>NET INCOME (LOSS)</b>	<b>(42,188.30)</b>	<b>(64,381.03)</b>	<b>-</b>	<b>(64,401.41)</b>	

**Wholesale Zone**  
**Variance Report**

11/20/2012

Account Number	Account Name	Income(I) Expense (E)	Amount	Percent Received/ Spent	Comments
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**October 2012**

**New**

5614-0001-1	TRAVEL- CONF/SEMINARS	E	1,527.06	50.90%	Includes: MWDOC Water Policy Forum (GM & Board), Urban Water Institute Conf. (GM), AWWA Fall Conference (Superintendent), Safety Fest (Crew), AGWT CA Well Seminar (GM), ACWA Conf. (GM)
5616-0001-1	MILEAGE	E	105.25	52.63%	
5639-0001-1	OUTSIDE SERVICES	E	978.77	42.56%	
5640-0001-1	AUDITING	E	2,268.40	59.63%	June 30, 2012 Audit. Work completed prior to December 30. Should be no charges 2nd half of the year

**Capital Projects**

7912-105-1	SECURITY SYSTEM AT PETERS CANYON RESERVOIR	E	25,380.23	120.86%	
7913-204-1	MOBILE ENGINE DRIVE PUMP	E	15,799.21		Not Budgeted for 2012/13 Fiscal Year

**Ongoing**

4110-001-1	WATER SALES	I	3,215,426.98	122.87%	City of Tustin over-estimated In-Lieu taken.
5130-0043-1	EOCF #2 NONINTERR OC 43	E	578,306.31	73.66%	City of Tustin over-estimated In-Lieu taken.
5130-0048-1	EOCF #2 NONINTERR OC 48	E	1,006,306.25	192.26%	City of Tustin over-estimated In-Lieu taken.
5130-0070-1	WATER PURCHASED AMP	E	1,630,507.32	124.61%	City of Tustin over-estimated In-Lieu taken.
5607-0001-1	DISTRICT WEBSITE	E	642.86	85.71%	Prepaid Expense
5618-0031-1	DUES & MEMBERSHIPS- AWWA	E	243.67	97.47%	Prepaid Expense
5648-0001-1	LAFCO	E	5,519.52	57.54%	Prepaid Expense

**Capital Projects**

7912-109-1	METERING IMPROVEMENT FOR WZ BILLING	E	38,640.57	120.75%	Purchased non-budgeted meter for 6 MG Reservoir
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## EAST ORANGE COUNTY WATER DISTRICT

FOR WHOLESALE  
MONTH: OCTOBER 2012

## REVENUE

ACCOUNT	DESCRIPTION	MONTHLY ACTUAL REVENUE	YTD ACTUAL REVENUE	ANNUAL 2012-13 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET
4110-0001-1	WATER SALES	436,870.16	3,215,426.98	2,616,994.00	598,432.98	122.87%
4111-0001-1	METER CHARGE-WS	227.40	904.00	250.00	654.00	361.60%
4112-0001-1	LATE CHARGE	-	-	30.00	(30.00)	0.00%
4130-0001-1	RETAIL SERVICE CONNECTIONS	12,540.09	50,160.36	157,100.00	(106,939.64)	31.93%
4131-0001-1	READINESS TO SERVE	15,427.78	64,483.19	193,500.00	(129,016.81)	33.32%
4133-0001-1	MET-MWDOC CAPACITY CHARGE	10,189.87	40,759.48	116,000.00	(75,240.52)	35.14%
4160-0060-1	REIMBURSED EXP- IRWD	1,977.40	6,960.25	19,040.00	(12,079.75)	36.56%
4160-0065-1	REFUNDS	-	-	-	-	0.00%
	Total OPERATING REVENUE:	477,232.70	3,378,694.26	3,102,914.00	275,780.26	
NON OPERATING INCOME						
4914-0001-1	INTEREST INCOME-RAYMOND JAMES	10.19	10.19	-	(10.19)	0.00%
4915-0001-1	INTEREST INCOME-WS	-	4.25	-	4.25	0.00%
4916-0001-1	INTEREST-MORGAN STANLEY-OP	-	8.90	100.00	(91.10)	8.90%
4916-0957-1	INTEREST-MORGAN STANLEY- CONT	-	0.10	50.00	(49.90)	0.20%
4917-0001-1	INTEREST- LAIF- OP	11.71	11.71	100.00	(88.29)	11.71%
4917-0957-1	INTEREST-LAIF-CONT.	45.38	45.38	-	45.38	0.00%
4918-0001-1	INTEREST-US TREASURY BOND	-	-	200.00	(200.00)	0.00%
4918-0957-1	INTEREST US TREASURY BOND	-	-	-	-	0.00%
4922-0001-1	INTEREST INCOME-CTY OF ORANGE	-	-	50.00	(50.00)	0.00%
4923-0001-1	INTEREST INCOME-ACWA	-	-	1,400.00	(1,400.00)	0.00%
4930-0030-1	TAXES SECURED	-	-	575,000.00	(575,000.00)	0.00%
4930-0031-1	TAXES UNSECURED	-	13,421.03	15,000.00	(1,578.97)	89.47%
4930-0032-1	TAXES SUPPLEMENTAL ROLL	293.13	1,075.04	5,000.00	(3,924.96)	21.50%
4930-0040-1	TAXES PRIOR YEARS	1,978.40	3,799.74	15,000.00	(11,200.26)	25.33%
4930-0052-1	TAXES HOMEOWNER'S SUBVENTION	-	-	4,000.00	(4,000.00)	0.00%
4930-0054-1	TAXES PUBLIC UTILITY	-	-	10,000.00	(10,000.00)	0.00%
4930-0056-1	TAXES MISC	-	-	500.00	(500.00)	0.00%
4930-0057-1	TAXES ACCRUED	-	-	(15,000.00)	15,000.00	0.00%
4930-0058-1	STATE TAXES CONFISCATED	-	-	-	-	0.00%
4930-0059-1	PROCEEDS IN-LIEU TAXES	-	-	-	-	0.00%
4975-0001-1	RENT INCOME- AT&T	8,745.86	17,491.72	50,000.00	(32,508.28)	34.98%
4977-0001-1	RENT INCOME- CROWN CASTLE	3,614.63	14,458.52	44,000.00	(29,541.48)	32.86%
4980-0001-1	AMP SALE INSTALLMENTS	-	35,598.00	40,500.00	(4,902.00)	87.90%
4990-0001-1	MISCELLANEOUS INCOME	50.00	202.19	500.00	(297.81)	40.44%
	Total NON OPERATING INCOME:	14,749.30	86,126.77	746,400.00	(660,293.61)	
	Total OPERATING REVENUE	491,982.00	3,464,821.03	3,849,314.00	(384,513.35)	
	NET OPERATING INCOME:	491,982.00	3,464,821.03	3,849,314.00	(384,513.35)	

## EXPENSES

ACCOUNT	DESCRIPTION	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2012-13 BUDGET	BUDGET \$ (OVER) UNDER	PERCENT OF BUDGET
5130-0043-1	EOCF #2 NONINTERR OC 43	39,249.30	578,306.31	785,098.00	206,791.69	73.66%
5130-0048-1	EOCF #2 NONINTERR OC 48	19,225.78	1,006,306.25	523,399.00	(482,907.25)	192.26%
5130-0070-1	WATER PURCHASED AMP	378,293.05	1,630,507.32	1,308,497.00	(322,010.32)	124.61%
5138-0001-1	WATER PURCHASED	-	-	-	-	0.00%
5139-0001-1	WATER PURCHASED IN-LIEU	628.00	628.00	-	(628.00)	0.00%
5141-0001-1	WATER PURCHASED-IN LIEU CREDIT	-	-	-	-	0.00%
5149-0001-1	AMP_FAP LEASE EXPENSE	1,166.67	4,666.64	13,000.00	8,333.36	35.90%

## EAST ORANGE COUNTY WATER DISTRICT

FOR WHOLESALE  
MONTH: OCTOBER 2012

ACCOUNT	DESCRIPTION	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2012-13 BUDGET	BUDGET \$ (OVER) UNDER	PERCENT OF BUDGET
5161-0001-1	MET-MWDOC READINESS TO SERVE	15,556.31	59,360.36	193,500.00	134,139.64	30.68%
5163-0001-1	MET-MWDOC CAPACITY FEES	10,189.88	40,759.52	116,000.00	75,240.48	35.14%
5164-0001-1	MWDOC RETAIL SERVICE CONNECT	12,540.08	52,418.36	157,100.00	104,681.64	33.37%
5219-0001-1	UTILITY- SCADA RTU	187.72	586.04	2,500.00	1,913.96	23.44%
5313-0001-1	SMALL TOOLS	122.25	904.20	2,400.00	1,495.80	37.68%
5320-0001-1	GASOLINE, OIL & DIES-WS	-	380.69	-	(380.69)	0.00%
5320-0022-1	GASOLINE, OIL & DIESEL FUEL	319.70	512.55	8,600.00	8,087.45	5.96%
5324-0001-1	REGULATORY PERMITS	-	896.28	5,000.00	4,103.72	17.93%
5326-0001-1	NPDS PERMIT	-	-	-	-	0.00%
5327-0001-1	PROF SERV WATER QUAL. CONTROL	3,639.07	6,973.00	26,000.00	19,027.00	26.82%
5338-0001-1	SCADA REPAIR/UPGRADE	-	137.80	12,000.00	11,862.20	1.15%
5339-0001-1	OPERATIONS REPORTING SOFTWARE	-	551.25	1,500.00	948.75	36.75%
5343-0001-1	METER PURCHASE/REPAIR	-	1,175.49	15,000.00	13,824.51	7.84%
5345-0001-1	PRESSURE REGULATORS R&M	-	-	3,000.00	3,000.00	0.00%
5350-0035-1	R/M- MAINS	-	336.19	10,000.00	9,663.81	3.36%
5350-0039-1	DAMAGE REPAIR- CAL EMA	-	-	-	-	0.00%
5350-0041-1	SERVICE CONNECTIONS R&M	-	-	1,000.00	1,000.00	0.00%
5350-0051-1	RESERVOIRS R&M	18.31	459.51	10,000.00	9,540.49	4.60%
5350-0052-1	R/M- VAULTS	-	-	10,000.00	10,000.00	0.00%
5350-0402-1	R/M- CATHODIC PROTECTION	162.97	487.42	15,000.00	14,512.58	3.25%
5357-0001-1	MAINTAIN & OPERATE EOCF#2	3,333.33	16,136.51	45,000.00	28,863.49	35.86%
5358-0001-1	METER TESTING	-	-	3,000.00	3,000.00	0.00%
5359-0001-1	SAC LINE R&M	155.33	621.36	2,000.00	1,378.64	31.07%
5365-0001-1	EQUIPMENT RENTAL	-	-	200.00	200.00	0.00%
5370-0070-1	BACKHOE R&M	-	-	2,000.00	2,000.00	0.00%
5370-0071-1	VEHICLES R&M	483.01	638.76	2,500.00	1,861.24	25.55%
5370-0080-1	BUILDING/GROUNDS R&M	178.76	178.76	3,500.00	3,321.24	5.11%
5467-0001-1	WAGES	17,663.30	58,263.19	124,800.00	66,536.81	46.69%
5469-0069-1	PAYROLL TAXES- FICA & MEDICARE	1,287.24	2,766.14	11,960.00	9,193.86	23.13%
5469-0083-1	RETIREMENT- PERS	2,053.75	6,756.30	24,000.00	17,243.70	28.15%
5480-0070-1	PAYROLL TAXES- SUI & ETT	49.91	(226.57)	650.00	876.57	-34.86%
5480-0072-1	HEALTH & ACCIDENT INSURANCE	2,224.46	8,564.36	28,000.00	19,435.64	30.59%
5480-0075-1	DENTAL INSURANCE	184.33	717.18	2,000.00	1,282.82	35.86%
5480-0076-1	VISION INSURANCE	35.76	137.65	550.00	412.35	25.03%
5480-0080-1	LIFE INSURANCE	26.67	102.47	400.00	297.53	25.62%
5480-0082-1	WORKER'S COMP INSURANCE	1,055.59	1,476.04	6,000.00	4,523.96	24.60%
5486-0001-1	UNIFORMS	258.22	452.37	2,000.00	1,547.63	22.62%
5607-0001-1	DISTRICT WEBSITE	-	642.86	750.00	107.14	85.71%
5610-0009-1	MCPHERSON FAX	39.24	73.75	200.00	126.25	36.88%
5610-0010-1	MCPHERSON INTERNET	85.17	170.22	475.00	304.78	35.84%
5610-0015-1	MCPHERSON OFFICE PHONES	201.87	464.57	1,250.00	785.43	37.17%
5610-0016-1	ANSWERING SERVICE	15.63	62.72	240.00	177.28	26.13%
5610-0017-1	PHONE CIRCUITS TO CTRL EQUIP	678.34	1,404.05	4,100.00	2,695.95	34.25%
5610-0019-1	CELLPHONES	87.19	263.37	1,600.00	1,336.63	16.46%
5610-0020-1	UNDERGROUND SERVICE ALERT	24.00	83.25	400.00	316.75	20.81%
5611-0001-1	TRAINING/SCHOOLS	-	166.60	1,000.00	833.40	16.66%
5613-0001-1	CONSERVATION EDUCATION	-	-	25,000.00	25,000.00	0.00%
5614-0001-1	TRAVEL- CONF/SEMINARS	791.61	1,527.06	3,000.00	1,472.94	50.90%
5616-0001-1	MILEAGE	94.34	105.25	200.00	94.75	52.63%
5618-0029-1	DUES & MEMBERSHIP- ACWA	-	-	2,750.00	2,750.00	0.00%
5618-0030-1	DUES & MEMBERSHIPS- OCWA	-	-	75.00	75.00	0.00%
5618-0031-1	DUES & MEMBERSHIPS- AWWA	-	243.67	250.00	6.33	97.47%
5618-0032-1	DUES & MEMBERSHIP- FCA	-	-	20.00	20.00	0.00%

## EAST ORANGE COUNTY WATER DISTRICT

FOR WHOLESALE  
MONTH: OCTOBER 2012

ACCOUNT	DESCRIPTION	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2012-13 BUDGET	BUDGET \$ (OVER) UNDER	PERCENT OF BUDGET
5618-0033-1	DUES & MEMBERSHIP- CSDA	1,286.00	1,286.00	-	(1,286.00)	0.00%
5618-0037-1	DUES- ISDOC/URBAN WTR	-	17.00	900.00	883.00	1.89%
5619-0001-1	MISCELLANEOUS EXP	-	-	500.00	500.00	0.00%
5620-0021-1	DIRECTOR- R. BARRETT	150.00	325.00	2,500.00	2,175.00	13.00%
5620-0022-1	DIRECTOR- W. VANDERWERFF	462.50	1,262.50	4,000.00	2,737.50	31.56%
5620-0023-1	DIRECTOR- D. CHAPMAN	150.00	450.00	3,600.00	3,150.00	12.50%
5620-0024-1	DIRECTOR- J. DULEBOHN	150.00	450.00	3,600.00	3,150.00	12.50%
5620-0026-1	DIRECTOR- R. BELL	125.00	675.00	3,600.00	2,925.00	18.75%
5621-0001-1	BOARD MEETING EXPENSE	140.27	228.38	1,000.00	771.62	22.84%
5632-0001-1	POSTAGE	23.56	173.71	750.00	576.29	23.16%
5633-0001-1	OFFICE SUPPLY/FURN/SMALL EQUIP	210.80	1,109.98	7,000.00	5,890.02	15.86%
5634-0001-1	PUBLICATIONS & LEGAL NOTICES	-	-	500.00	500.00	0.00%
5635-0001-1	COPIER CONTRACT	17.87	53.26	400.00	346.74	13.32%
5638-0001-1	BANK CHARGES	328.83	595.12	3,200.00	2,604.88	18.60%
5639-0001-1	OUTSIDE SERVICES	275.63	978.77	2,300.00	1,321.23	42.56%
5640-0001-1	AUDITING	2,268.40	5,068.92	8,500.00	3,431.08	59.63%
5641-0001-1	TAX COLLECTION FEES	4.95	43.06	2,000.00	1,956.94	2.15%
5644-0001-1	TREASURER	403.13	403.13	10,000.00	9,596.87	4.03%
5644-0003-1	ACCOUNTING- SERRANO	1,856.28	3,280.53	20,000.00	16,719.47	16.40%
5645-0001-1	LEGAL	765.18	2,304.49	18,000.00	15,695.51	12.80%
5646-0001-1	COMPUTER CONSULTING	-	190.00	2,500.00	2,310.00	7.60%
5647-0001-1	ENGINEERING-WS	425.28	1,808.74	25,000.00	23,191.26	7.23%
5648-0001-1	LAFCO	-	7,480.48	13,000.00	5,519.52	57.54%
5650-0050-1	INSURANCE-AUTO & GEN LIABILITY	834.51	3,149.67	14,500.00	11,350.33	21.72%
5650-0051-1	INSURANCE-PROPERTY	193.08	772.32	3,000.00	2,227.68	25.74%
5650-0052-1	INSURANCE-EMP. FIDELITY BOND	18.96	75.84	200.00	124.16	37.92%
5670-0072-1	OFFICE EQUIPMENT R&M	-	-	300.00	300.00	0.00%
5680-0083-1	UTILITIES-DUMPSTER	24.56	225.31	1,400.00	1,174.69	16.09%
5680-0084-1	UTILITIES- THE GAS CO.- OFFICE	-	-	-	-	0.00%
5680-0085-1	UTILITIES- OFFICE- ELECT & WTR	385.62	905.47	2,600.00	1,694.53	34.83%
5686-0001-1	SECURITY	-	-	500.00	500.00	0.00%
5689-0001-1	ELECTION EXPENSE	113.75	201.25	40,000.00	39,798.75	0.50%
8910-0001-1	DEPRECIATION EXP.	-	-	-	-	0.00%
8955-0001-1	TRANS. TO WRCI-CAPITAL PROJECT	-	-	-	-	0.00%
8961-0001-1	TRANS TO CAPITAL PROJECTS	11,250.00	45,000.00	135,000.00	90,000.00	33.33%
9011-0001-1	MARKET VALUE ADJUST-INVESTMENT	-	-	-	-	0.00%
9011-0957-1	MARKET VALUE ADJUST-INVESTMENT	-	-	-	-	0.00%
	Total EXPENSES:	534,170.30	3,566,659.00	3,848,814.00	282,155.00	
	NET INCOME FROM OPERATIONS:	(42,188.30)	(101,837.97)	500.00	(102,358.35)	
	OTHER INCOME AND EXPENSE					
9510-0001-1	PRIOR YEARS (INCOME) EXPENSE	-	(37,456.94)	500.00	(37,956.94)	0.00%
	Total OTHER INCOME AND EXPENSE	-	(37,456.94)	500.00	(37,956.94)	0.00%
	EARNINGS BEFORE INCOME TAX:	(42,188.30)	(64,381.03)	-	(64,401.41)	
	Net Income (Loss):	(42,188.30)	(64,381.03)	-	(64,401.41)	

11/20/12

## WHOLESALE ZONE CAPITAL PROJECTS

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

11/20/2012

<b>REVENUE</b>	MONTHLY	YTD	ANNUAL	BUDGET \$	PERCENT
DESCRIPTION	ACTUAL	ACTUAL	2012-13	OVER	OF
	REVENUE	REVENUE	BUDGET	(UNDER)	BUDGET
FUNDS PROVIDED BY RESERVE			383,000.00	(383,000.00)	0.00%
CAPITAL PROJECTS REVENUE					
CONNECTION FEES	51,840.75	55,121.50	20,000.00	35,121.50	275.61%
INTEREST EARNINGS	3,852.63	3,868.88	10,000.00	(6,131.12)	38.69%
INTEREST RECEIVABLE- AMP SALE	-	34.06	10,000.00	(9,965.94)	0.34%
TRANSFER FROM OPERATING EXPENSES	11,250.00	45,000.00	135,000.00	(90,000.00)	33.33%
REIMBURSEMENT FOR STORM DAMAGE REPAIRS	-	-	20,000.00	(20,000.00)	0.00%
REIMBURSEMENT FOR SECURITY UPGRADES	-	-	60,000.00	(60,000.00)	0.00%
NET OPERATING INCOME	66,943.38	104,024.44	638,000.00	(533,975.56)	

<b>EXPENSES</b>	MONTHLY	YTD	ANNUAL	BUDGET \$	PERCENT
DESCRIPTION	ACTUAL	ACTUAL	2012-13	OVER	OF
	REVENUE	REVENUE	BUDGET	(UNDER)	BUDGET
CAPITAL PROJECTS EXPENSES					
METAL FLASHING AT PETERS CANYON RESERVOIR	-	-	11,000.00	11,000.00	0.00%
6 MG ISOLATION VALVE CHANGEOUT	(2,487.05)	-	8,000.00	8,000.00	0.00%
BETTERMENT & REPLACEMENT PLAN	-	-	75,000.00	75,000.00	0.00%
SECURITY SYSTEM AT PETERS CANYON RESERVOIR	10,244.90	25,380.23	21,000.00	(4,380.23)	120.86%
ELECTRICAL MODIFICATION FOR BACKUP GENERATOR	-	-	31,000.00	31,000.00	0.00%
BACKUP GENERATOR AT OC70 PUMP STATION	-	-	101,000.00	101,000.00	0.00%
METERING IMPROVEMENT FOR WZ BILLING	43.44	38,640.57	32,000.00	(6,640.57)	120.75%
PIPELINE INSPECTION	-	-	26,000.00	26,000.00	0.00%
FEASIBILITY & ENV. REVIEW	3,279.50	5,554.50	50,000.00	44,445.50	11.11%
6 MG RESERVOIR - ROOF REPAIRS	-	3,395.00	76,000.00	72,605.00	4.47%
6 MG RESERVOIR - SLOPE REPAIRS/ASPHALT/CURB	1,020.00	1,568.43	61,000.00	59,431.57	2.57%
6 MG RESERVOIR- LANDSCAPE/V-DITCH	-	-	26,000.00	26,000.00	0.00%
ANDES & NEWPORT RESERVOIRS-SLURRY SEAL	-	-	32,000.00	32,000.00	0.00%
MCPHERSON OFFICE/YARD IMPROVEMENTS	-	-	11,000.00	11,000.00	0.00%
11.5 MG RESERVOIR CATHODIC PROTECTION SYSTEM	-	-	36,000.00	36,000.00	0.00%
CATHODIC PROTECTION PIPELINES	-	-	21,000.00	21,000.00	0.00%
USED VEHICLE TO SUPPLEMENT FLEET	-	-	15,000.00	15,000.00	0.00%
MOBILE ENGINE DRIVEN PUMP	15,750.00	15,799.21	-	(15,799.21)	0.00%
CAPITALIZED ACCOUNTING COST	-	-	5,000.00	5,000.00	0.00%
TOTAL OPERATING EXPENSE	27,850.79	90,337.94	638,000.00	547,662.06	
NET INCOME FROM OPERATIONS	39,092.59	13,686.50	-	13,686.50	
PRIOR YEARS EXPENSES	-	-	-	-	
NET INCOME (LOSS)	39,092.59	13,686.50	-	13,686.50	

## REVENUE

ACCOUNT	DESCRIPTION	MONTHLY ACTUAL REVENUE	YTD ACTUAL REVENUE	ANNUAL 2012-13 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET
	FUNDED BY RESERVES	-	-	383,000.00	(383,000.00)	
4113-0001-1	CONNECTION FEES	51,840.75	55,121.50	20,000.00	35,121.50	275.61%
4916-0953-1	INTEREST-MORGAN STANLEY-CAP	-	16.25	50.00	(33.75)	32.50%
4917-0953-1	INTEREST-LAIF-CAP	3,852.63	3,852.63	9,850.00	(5,997.37)	39.11%
4918-0953-1	INTEREST-US TREASURY BOND	-	-	100.00	(100.00)	0.00%
4925-0001-1	INTEREST INCOME-AMP SALE	-	34.06	10,000.00	(9,965.94)	0.34%
4991-0010-1	REIMBURSEMENT- STORM DAMAGE	-	-	20,000.00	(20,000.00)	0.00%
4991-0011-1	REIMBURSEMENT-SECURITY UPGRAD	-	-	60,000.00	(60,000.00)	0.00%
4993-0953-1	TRANSFER FROM WS OPERATIONS	11,250.00	45,000.00	135,000.00	(90,000.00)	33.33%
	Total NON OPERATING INCOME:	66,943.38	104,024.44	638,000.00	(533,975.56)	
	Total OPERATING REVENUE	66,943.38	104,024.44	638,000.00	(533,975.56)	
	NET OPERATING INCOME:	66,943.38	104,024.44	638,000.00	(533,975.56)	

## EXPENSES

ACCOUNT	DESCRIPTION	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2012-13 BUDGET	BUDGET \$ (OVER) UNDER	PERCENT OF BUDGET
7900-100C-1	WZ CAPITALIZED ACCOUNTING COST	-	-	5,000.00	5,000.00	0.00%
7912-102C-1	METAL FLASHING @ 6 MG RESERV.- CONST	-	-	10,000.00	10,000.00	0.00%
7912-102L-1	METAL FLASHING @ 6 MG RESERV.- LABOR	-	-	1,000.00	1,000.00	0.00%
7912-103C-1	6 MG ISOLATION VALVE CHANGEOUT- CONST	(2,487.05)	-	8,000.00	8,000.00	0.00%
7912-105C-1	6 MG SECURITY SYSTEM- CONST	6,428.06	16,682.13	20,000.00	3,317.87	83.41%
7912-105L-1	6 MG SECURITY SYSTEM- LABOR	3,816.84	8,698.10	1,000.00	(7,698.10)	869.81%
7912-1060-1	6 MG SECURITY GATE @ JAMBOREE- CONST	-	-	-	-	0.00%
7912-106L-1	6 MG SECURITY GATE @ JAMBOREE- LABOR	-	-	-	-	0.00%
7912-107C-1	BACKUP GENERATOR OC70 PUMP- CONST	-	-	85,000.00	85,000.00	0.00%
7912-107E-1	BACKUP GENERATOR OC70 PUMP- ENG	-	-	15,000.00	15,000.00	0.00%
7912-107L-1	BACKUP GENERATOR OC70 PUMP- LABOR	-	-	1,000.00	1,000.00	0.00%
7912-108C-1	BACKUP GENERATOR ELECTRIC MOD- CONST	-	-	15,000.00	15,000.00	0.00%
7912-108E-1	BACKUP GENERATOR ELECTRIC MOD- ENG	-	-	15,000.00	15,000.00	0.00%
7912-108L-1	BACKUP GENERATOR ELECTRIC MOD- LABOR	-	-	1,000.00	1,000.00	0.00%
7912-109C-1	WZ METER REPLACEMENT- CONSTR.	-	38,597.13	30,000.00	(8,597.13)	128.66%
7912-109E-1	WZ METER REPLACEMENT- ENG	-	-	1,000.00	1,000.00	0.00%
7912-109L-1	WZ METER REPLACEMENT- LABOR	43.44	43.44	1,000.00	956.56	4.34%
7912-110E-1	PIPELINE INSPECTION- ENG	-	-	25,000.00	25,000.00	0.00%
7912-110L-1	PIPELINE INSPECTION- LABOR	-	-	1,000.00	1,000.00	0.00%
7912-201E-1	BETTERMENT & REPLACEMENT PLAN- ENG	-	-	75,000.00	75,000.00	0.00%
7912-201L-1	BETTERMENT & REPLACEMENT PLAN- LABOR	-	-	-	-	0.00%
7913-101E-1	FEASIBILITY & ENV. REV.-TREATMENT PLANT-ENG.	3,279.50	5,554.50	50,000.00	44,445.50	11.11%
7913-102C-1	6MG RESERVOIR ROOF REPAIRS- CONTS.	-	-	50,000.00	50,000.00	0.00%
7913-102E-1	6 MG RESERVOIR ROOF REPAIRS-ENG.	-	3,395.00	25,000.00	21,605.00	13.58%
7913-102L-1	6MG RESERVOIR ROOF REPAIRS- LABOR	-	-	1,000.00	1,000.00	0.00%
7913-103C-1	6 MG RESERVOIR- SLOPE/ASPHALT/CURB-CONTS.	-	-	50,000.00	50,000.00	0.00%
7913-103E-1	6 MG RESERVOIR- SLOPE/ASPHALT/CURB-ENG.	1,020.00	1,020.00	10,000.00	8,980.00	10.20%
7913-103L-1	6 MG RESERVOIR- SLOPE/ASPHALT/CURB-LABOR	-	548.43	1,000.00	451.57	54.84%
7913-104C-1	6MG RESERVOIR-LANDSCAPE/V-DITCH-CONST.	-	-	20,000.00	20,000.00	0.00%
7913-104E-1	6MG RESERVOIR-LANDSCAPE/V-DITCH-ENG.	-	-	5,000.00	5,000.00	0.00%
7913-104L-1	6MG RESERVOIR-LANDSCAPE/V-DITCH-LABOR	-	-	1,000.00	1,000.00	0.00%



## EAST ORANGE COUNTY WATER DISTRICT

FOR WHOLESALE  
MONTH: OCTOBER 2012

ACCOUNT	DESCRIPTION	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2012-13 BUDGET	BUDGET \$ (OVER) UNDER	PERCENT OF BUDGET
7913-105C-1	ANDES&NEWPORT RESERVOIRS-SLURRY-CONST	-	-	30,000.00	30,000.00	0.00%
7913-105L-1	ANDES&NEWPORT RESERVOIRS-SLURRY-LABOR	-	-	2,000.00	2,000.00	0.00%
7913-106C-1	CATHODIC PROTECTION-PIPELINES-CONST.	-	-	15,000.00	15,000.00	0.00%
7913-106E-1	CATHODIC PROTECTION-PIPELINES-ENG.	-	-	5,000.00	5,000.00	0.00%
7913-106L-1	CATHODIC PROTECTION-PIPELINES-LABOR	-	-	1,000.00	1,000.00	0.00%
7913-201C-1	MCPHERSON OFFICE/YARD IMPROVE-CONST.	-	-	10,000.00	10,000.00	0.00%
7913-201L-1	MCPHERSON OFFICE/YARD IMPROVE-LABOR	-	-	1,000.00	1,000.00	0.00%
7913-202C-1	11.5MG RESERVOIR CATHODIC PROTECTION SYS-CONST.	-	-	25,000.00	25,000.00	0.00%
7913-202E-1	11.5MG RESERVOIR CATHODIC PROTECTION SYS-ENG	-	-	10,000.00	10,000.00	0.00%
7913-202L-1	11.5MG RESERVOIR CATHODIC PROTECTION SYS-LABOR	-	-	1,000.00	1,000.00	0.00%
7913-203C-1	USED VEHICLE TO SUPPLEMENT FLEET	-	-	15,000.00	15,000.00	0.00%
7913-204C-1	MOBILE ENGINE DRIVEN PUMP	15,750.00	15,750.00	-	(15,750.00)	0.00%
7913-204L-1	MOBILE ENGINE DRIVEN PUMP	-	49.21	-	(49.21)	
	Total EXPENSES:	27,850.79	90,337.94	638,000.00	547,662.06	
	NET INCOME FROM OPERATIONS:	39,092.59	13,686.50	-	13,686.50	
	EARNINGS BEFORE INCOME TAX:	39,092.59	13,686.50	-	13,686.50	
	Net Income (Loss):	39,092.59	13,686.50	-	13,686.50	

## RETAIL ZONE

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

11/20/2012

<b>REVENUE</b>	MONTHLY	YTD	ANNUAL	BUDGET \$	PERCENT
DESCRIPTION	ACTUAL REVENUE	ACTUAL REVENUE	2012-13 BUDGET	OVER (UNDER)	OF BUDGET
OPERATING REVENUE:					
WATER SALES	214,093.48	371,141.42	972,000.00	(600,858.58)	38.18%
METER CHARGE	50,982.23	102,079.49	355,000.00	(252,920.51)	28.75%
OTHER CHARGES	3,661.80	4,433.54	9,250.00	(4,816.46)	47.93%
<b>TOTAL OPERATING REVENUE:</b>	<b>268,737.51</b>	<b>477,654.45</b>	<b>1,336,250.00</b>	<b>(858,595.55)</b>	
NON-OPERATING REVENUES (EXPENSES):					
PROPERTY TAXES	1,289.55	10,386.31	342,200.00	(331,813.69)	3.04%
INTEREST & INVESTMENT EARNINGS	30.41	32.12	850.00	(817.88)	3.78%
MISCELLENIOUS INCOME	-	27.19	500.00	(472.81)	5.44%
MARKET VALUE ADJUSTMENT ON INVESTMENTS	-	-	-	-	0.00%
DISPOSAL OF ASSET GAIN (LOSS)	-	-	-	-	0.00%
<b>TOTAL NON-OPERATING REVENUES, NET</b>	<b>1,319.96</b>	<b>10,445.62</b>	<b>343,550.00</b>	<b>(333,104.38)</b>	
<b>NET OPERATING INCOME</b>	<b>270,057.47</b>	<b>488,100.07</b>	<b>1,679,800.00</b>	<b>(1,191,699.93)</b>	

<b>EXPENSES</b>	MONTHLY	YTD	ANNUAL	BUDGET \$	PERCENT
DESCRIPTION	ACTUAL REVENUE	ACTUAL REVENUE	2012-13 BUDGET	OVER (UNDER)	OF BUDGET
OPERATING EXPENSE:					
SOURCE OF SUPPLY	139,050.77	207,214.79	311,600.00	104,385.21	66.50%
PIPELINE CAPACITY LEASE	12,276.59	60,754.94	229,270.00	168,515.06	26.50%
ENERGY	8,699.60	16,154.24	116,935.00	100,780.76	13.81%
OPERATIONS & MAINTENANCE	49,365.41	144,395.46	560,770.00	416,374.54	25.75%
GENERAL & ADMINISTRATIVE	14,902.01	39,403.89	215,195.00	175,791.11	18.31%
TRANSFER TO CAPITAL PROJECTS EXPENSE	12,335.83	49,343.44	148,030.00	98,686.56	33.33%
RETAIL OPERATIONS CONTINGENCY FUND	-	-	50,000.00	50,000.00	0.00%
FUNDED TO/BY RESERVE	-	-	50,000.00	50,000.00	0.00%
DEPRECIATION & AMORTIZATION	-	-	-	-	0.00%
<b>TOTAL OPERATING EXPENSE</b>	<b>236,630.21</b>	<b>517,266.76</b>	<b>1,681,800.00</b>	<b>1,164,533.24</b>	
<b>NET INCOME FROM OPERATIONS</b>	<b>33,427.26</b>	<b>(29,166.69)</b>	<b>(2,000.00)</b>	<b>(27,166.69)</b>	
PRIOR YEARS EXPENSES	-	-	2,000.00	(2,000.00)	
<b>NET INCOME (LOSS)</b>	<b>33,427.26</b>	<b>(29,166.69)</b>	<b>-</b>	<b>(29,166.69)</b>	

**Retail Zone**  
**Variance Report**

11/20/2012

Account Number	Account Name	Income(I) Expense (E)	Amount	Percent Received/ Spent	Comments
<b><u>October 2012</u></b>					
<b><u>New</u></b>					
5130-0070-2	WATER PURCHASED	E	151,301.60	73.70%	With the credit for In-Lieu water water purchased is at 66.5% R/M to well & pump necessitated importing water.
5486-0002-2	UNIFORMS	E	878.02	51.65%	
5610-0009-2	MCPHERSON FAX	E	73.76	46.10%	Budget needs adjusted because of allocation change
5614-0002-2	TRAVEL- CONF/SEMINARS	E	958.29	61.67%	Includes: MWDOC Water Policy Forum (GM & Board), Urban Water Institute Conf. (GM), AWWA Fall Conference (Superintendent), Safety Fest (Crew), AGWT CA Well Seminar (GM), ACWA Conf. (GM)
5634-0002-2	PUBLICATION & LEGAL NOTICES	E	446.85	56.87%	Includes inserts for August & October billings
5640-0002-2	AUDITING	E	4,495.08	56.19%	June 30, 2012 Audit. Work completed prior to December 30. Should be no charges 2nd half of the year
<b><u>Capital Projects</u></b>					
7913-204-2	MOBILE ENGINE DRIVE PUMP	E	15,799.21		Not Budgeted for 2012/13 Fiscal Year
<b><u>Ongoing</u></b>					
5607-0002-2	DISTRICT WEBSITE	E	857.14	85.71%	Prepaid Expense
5618-0031-2	DUES & MEMBERSHIPS- AWWA	E	169.33	96.76%	Prepaid Expense
5648-0002-2	LAFCO	E	1,642.06	54.74%	Prepaid Expense
5650-0050-2	INSURANCE-AUTO & GEN LIABILITY	E	2,188.75	52.11%	The split between Wholesale & Retail was corrected to be the same as the last years asset split (59/41). Budget was set up with a 77/24 split.

## REVENUE

ACCOUNT	DESCRIPTION	MONTHLY ACTUAL REVENUE	YTD ACTUAL REVENUE	ANNUAL 2012-13 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET
4110-0002-2	WATER SALES	214,093.48	371,141.42	972,000.00	(600,858.58)	38.18%
4111-0002-2	METER CHARGE	50,982.23	102,079.49	355,000.00	(252,920.51)	28.75%
4112-0002-2	LATE CHARGE	1,950.00	3,870.00	9,000.00	(5,130.00)	43.00%
4115-0002-2	RETURNED CHECK CHARGE	150.00	300.00	500.00	(200.00)	60.00%
4116-0002-2	TURN OFF CHARGE	170.00	220.00	1,000.00	(780.00)	22.00%
4117-0002-2	OTHER CHARGES	43.54	43.54	750.00	(706.46)	5.81%
4118-0002-2	UNCOLLECTIBLE ACCOUNTS	-	-	(5,000.00)	5,000.00	0.00%
4121-0002-2	TURN ON NEW SERVICE	-	-	1,000.00	(1,000.00)	0.00%
4160-0065-2	REFUNDS	1,348.26	-	2,000.00	(2,000.00)	0.00%
4166-0002-2	SERVICE UPGRADE FEE	-	-	-	-	0.00%
Total OPERATING REVENUE:		268,737.51	477,654.45	1,336,250.00	(858,595.55)	
4915-0002-2	INTEREST INCOME-MM	0.66	0.66	500.00	(499.34)	0.13%
4916-0002-2	INTEREST-MORGAN STANLEY-OP	(0.01)	1.70	50.00	(48.30)	3.40%
4917-0002-2	INTEREST-LAIF-OP	29.76	29.76	150.00	(120.24)	19.84%
4918-0002-2	INTEREST- US TREASURY BOND	-	-	100.00	(100.00)	0.00%
4922-0002-2	INTEREST INCOME-CTY OF ORANGE	-	-	50.00	(50.00)	0.00%
4930-0030-2	TAXES SECURED	-	-	316,500.00	(316,500.00)	0.00%
4930-0031-2	TAXES UNSECURED	-	7,618.94	15,500.00	(7,881.06)	49.15%
4930-0032-2	TAXES SUPPLEMENTAL ROLL	166.42	610.29	5,100.00	(4,489.71)	11.97%
4930-0040-2	TAXES PRIOR YEARS	1,123.13	2,157.08	4,000.00	(1,842.92)	53.93%
4930-0052-2	TAXES HOMEOWNER'S SUBVENTION	-	-	1,000.00	(1,000.00)	0.00%
4930-0054-2	TAXES PUBLIC UTILITY	-	-	5,000.00	(5,000.00)	0.00%
4930-0056-2	TAXES MISC	-	-	100.00	(100.00)	0.00%
4930-0057-2	TAXES ACCRUED	-	-	(5,000.00)	5,000.00	0.00%
4930-0058-2	STATE TAXES CONFISCATED	-	-	-	-	0.00%
4930-0059-2	PROCEEDS IN-LIEU TAXES	-	-	-	-	0.00%
4990-0002-2	MISCELLANEOUS INCOME	-	27.19	500.00	(472.81)	5.44%
Total NON OPERATING INCOME:		1,319.96	10,445.62	343,550.00	(333,104.38)	
Total OPERATING REVENUE		270,057.47	488,100.07	1,679,800.00	(1,191,699.93)	
NET OPERATING INCOME:		270,057.47	488,100.07	1,679,800.00	(1,191,699.93)	

## EXPENSES

ACCOUNT	DESCRIPTION	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2012-13 BUDGET	BUDGET \$ (OVER) UNDER	PERCENT OF BUDGET
5130-0070-2	WATER PURCHASED	151,301.60	229,645.62	311,600.00	81,954.38	73.70%
5139-0002-2	WATER PURCHASED IN-LIEU	-	-	-	-	0.00%
5141-0002-2	WATER PURCHASED IN LIEU CREDIT	(22,430.83)	(22,430.83)	-	22,430.83	0.00%
5146-0002-2	OCWD- REPLENISH ASSESSMENT	10,180.00	44,624.94	183,000.00	138,375.06	24.39%
5161-0002-2	MET-MWDOC READINESS TO SERVE	7,288.79	9,479.60	23,000.00	13,520.40	41.22%
5163-0002-2	MET-MWDOC CAPICITY FEES	2,796.48	3,728.64	15,000.00	11,271.36	24.86%
5164-0002-2	MWDOC RETAIL SERVICE CONNECT	2,191.32	2,921.76	8,270.00	5,348.24	35.33%
5206-0002-2	UTILITY STOLLER RESERVOIR	5,661.00	9,540.39	50,850.00	41,309.61	18.76%
5212-0002-2	UTILITY VISTA PANORAMA BOOSTER	520.71	1,331.44	6,500.00	5,168.56	20.48%
5216-0002-2	ULILITIES- WELLS- EAST/WEST	2,517.89	5,282.41	59,585.00	54,302.59	8.87%
5313-0002-2	SMALL TOOLS	122.24	1,046.91	3,000.00	1,953.09	34.90%

## EAST ORANGE COUNTY WATER DISTRICT

FOR RETAIL  
MONTH: OCTOBER 2012

ACCOUNT	DESCRIPTION	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2012-13 BUDGET	BUDGET \$ (OVER) UNDER	PERCENT OF BUDGET
5320-0002-2	GASOLINE, OIL & DIES-RZ	-	738.98	-	(738.98)	0.00%
5320-0022-2	GASOLINE, OIL & DIESEL FUEL	620.59	994.95	8,800.00	7,805.05	11.31%
5324-0002-2	REGULATORY PERMITS	-	850.34	2,500.00	1,649.66	34.01%
5326-0002-2	NPDS PERMIT	1,943.00	1,943.00	-	(1,943.00)	0.00%
5327-0002-2	PROF SERV WATER QUAL. CONTROL	1,985.91	5,820.21	19,500.00	13,679.79	29.85%
5328-0002-2	CHLORINE GENERATOR/SALT PURCH	-	-	2,650.00	2,650.00	0.00%
5329-0002-2	WEST WELL MAINTENANCE	190.05	361.98	3,200.00	2,838.02	11.31%
5330-0002-2	EAST WELL MAINTENANCE	190.04	596.97	3,200.00	2,603.03	18.66%
5331-0002-2	STOLLER RESERVOIR/BOOSTER R&M	-	466.20	6,300.00	5,833.80	7.40%
5332-0002-2	VISTA PANORAMA BOOSTER R&M	603.67	603.67	4,200.00	3,596.33	14.37%
5333-0002-2	R&M VISTA PANORAMA RESERVOIR	-	-	5,200.00	5,200.00	0.00%
5334-0002-2	CHLORINE GENERATOR	-	794.79	3,150.00	2,355.21	25.23%
5338-0002-2	SCADA REPAIR/UPGRADE	-	80.93	2,100.00	2,019.07	3.85%
5339-0002-2	OPERATIONS REPORTING SOFTWARE	-	323.75	3,400.00	3,076.25	9.52%
5342-0002-2	HYDRANT REPAIR & REPLACEMENTS	-	46.64	16,100.00	16,053.36	0.29%
5343-0002-2	METER PURCHASE REPAIR	-	-	9,200.00	9,200.00	0.00%
5345-0002-2	PRV- R & M	-	-	1,075.00	1,075.00	0.00%
5350-0035-2	R/M- MAINS	3,367.85	7,224.81	24,900.00	17,675.19	29.02%
5350-0039-2	DAMAGE REPAIR- CAL EMA	-	-	-	-	0.00%
5350-0041-2	SERVICE LATERALS R&M	151.49	532.01	21,525.00	20,992.99	2.47%
5350-0051-2	RESERVOIRS R&M	18.30	80.77	4,300.00	4,219.23	1.88%
5350-0052-2	R/M- VAULTS	-	-	1,500.00	1,500.00	0.00%
5350-0402-2	R/M- CATHODIC PROTECTION	-	-	5,500.00	5,500.00	0.00%
5358-0002-2	METER TESTING	-	-	1,550.00	1,550.00	0.00%
5365-0002-2	EQUIPMENT RENTAL	-	-	210.00	210.00	0.00%
5370-0070-2	BACKHOE R&M	-	-	3,000.00	3,000.00	0.00%
5370-0071-2	VEHICLES R&M	483.00	638.75	3,000.00	2,361.25	21.29%
5370-0080-2	BUILDING/GROUNDS R&M	178.76	178.76	4,000.00	3,821.24	4.47%
5467-0002-2	WAGES	25,494.82	75,466.47	258,794.00	183,327.53	29.16%
5469-0069-2	PAYROLL TAXES- FICA & MEDICARE	2,456.19	7,705.02	21,216.00	13,510.98	36.32%
5469-0083-2	RETIREMENT- PERS	3,971.17	13,174.54	44,000.00	30,825.46	29.94%
5480-0070-2	PAYROLL TAXES- SUI & ETT	86.51	215.42	500.00	284.58	43.08%
5480-0072-2	HEALTH & ACCIDENT INSURANCE	4,427.32	17,846.21	52,000.00	34,153.79	34.32%
5480-0075-2	DENTAL INSURANCE	367.78	1,480.34	4,500.00	3,019.66	32.90%
5480-0076-2	VISION INSURANCE	71.15	286.83	1,200.00	913.17	23.90%
5480-0080-2	LIFE INSURANCE	52.11	203.13	800.00	596.87	25.39%
5480-0082-2	WORKER'S COMP INSURANCE	2,082.28	3,815.06	13,000.00	9,184.94	29.35%
5486-0002-2	UNIFORMS	501.18	878.02	1,700.00	821.98	51.65%
5607-0002-2	DISTRICT WEBSITE	-	857.14	1,000.00	142.86	85.71%
5610-0009-2	MCPHERSON FAX	39.24	73.76	160.00	86.24	46.10%
5610-0010-2	MCPHERSON INTERNET	85.15	170.19	525.00	354.81	32.42%
5610-0015-2	MCPHERSON OFFICE PHONES	201.86	464.55	1,260.00	795.45	36.87%
5610-0016-2	ANSWERING SERVICE	15.62	62.68	260.00	197.32	24.11%
5610-0017-2	PHONE CIRCUITS TO CTRL EQUIP	398.31	824.46	3,080.00	2,255.54	26.77%
5610-0019-2	CELLPHONES	87.19	263.37	1,550.00	1,286.63	16.99%
5610-0020-2	UNDERGROUND SERVICE ALERT	24.00	83.25	400.00	316.75	20.81%
5611-0002-2	TRAINING/SCHOOLS	-	323.40	1,500.00	1,176.60	21.56%
5613-0002-2	CONSERVATION EDUCATION	-	-	4,000.00	4,000.00	0.00%
5614-0002-2	TRAVEL-CONF/SEMINARS	791.60	1,541.71	2,500.00	958.29	61.67%
5616-0002-2	MILEAGE	89.69	99.35	500.00	400.65	19.87%
5618-0029-2	DUES & MEMBERSHIPS- ACWA	-	-	3,500.00	3,500.00	0.00%

11/20/12

## EAST ORANGE COUNTY WATER DISTRICT

FOR RETAIL  
MONTH: OCTOBER 2012

ACCOUNT	DESCRIPTION	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2012-13 BUDGET	BUDGET \$ (OVER) UNDER	PERCENT OF BUDGET
5618-0030-2	DUES & MEMBERSHIPS- OCWA	-	-	75.00	75.00	0.00%
5618-0031-2	DUES & MEMBERSHIPS- AWWA	-	169.33	175.00	5.67	96.76%
5618-0032-2	DUES & MEMBERSHIP- FCA	-	-	10.00	10.00	0.00%
5618-0033-2	DUES & MEMBERSHIP-CSDA	1,286.00	1,286.00	4,000.00	2,714.00	32.15%
5618-0037-2	DUES- ISDOC/URBAN WTR	-	17.00	900.00	883.00	1.89%
5619-0002-2	MISCELLANEOUS EXP	-	-	500.00	500.00	0.00%
5620-0021-2	DIRECTOR- R. BARRETT	150.00	325.00	2,500.00	2,175.00	13.00%
5620-0022-2	DIRECTOR- W. VANDERWERFF	462.50	1,262.50	4,000.00	2,737.50	31.56%
5620-0023-2	DIRECTOR- D. CHAPMAN	150.00	450.00	3,600.00	3,150.00	12.50%
5620-0024-2	DIRECTOR- J. DULEBOHN	150.00	450.00	3,600.00	3,150.00	12.50%
5620-0026-2	DIRECTOR- R. BELL	125.00	675.00	3,600.00	2,925.00	18.75%
5621-0002-2	BOARD MEETING EXPENSE	140.24	228.32	1,000.00	771.68	22.83%
5632-0002-2	POSTAGE	730.70	1,585.23	6,000.00	4,414.77	26.42%
5633-0002-2	OFFICE SUPPLY/FURN/SMALL EQUIP	210.78	1,109.93	4,600.00	3,490.07	24.13%
5634-0002-2	PUBLICATIONS & LEGAL NOTICES	446.85	853.06	1,500.00	646.94	56.87%
5635-0002-2	COPIER CONTRACT	17.87	53.25	550.00	496.75	9.68%
5636-0002-2	VERSATERM CONTRACT (RZ BILLS)	-	-	5,000.00	5,000.00	0.00%
5638-0002-2	BANK CHARGES	(897.92)	369.95	3,500.00	3,130.05	10.57%
5639-0002-2	OUTSIDE SERVICES	275.63	808.75	6,400.00	5,591.25	12.64%
5640-0002-2	AUDITING	2,011.60	4,495.08	8,000.00	3,504.92	56.19%
5641-0002-2	TAX COLLECTION FEES	2.81	24.45	2,200.00	2,175.55	1.11%
5642-0002-2	COMPUTER BILLING (RZ BILLS)	-	1,928.02	5,000.00	3,071.98	38.56%
5644-0002-2	TREASURER	403.12	403.12	10,000.00	9,596.88	4.03%
5644-0003-2	ACCOUNTING- SERRANO	1,856.27	3,280.52	23,000.00	19,719.48	14.26%
5645-0002-2	LEGAL	765.17	2,199.46	20,000.00	17,800.54	11.00%
5646-0002-2	COMPUTER CONSULTING	-	-	5,000.00	5,000.00	0.00%
5647-0002-2	ENGINEERING-RZ	3,631.54	6,962.93	45,000.00	38,037.07	15.47%
5648-0002-2	LAFCO	-	1,642.06	3,000.00	1,357.94	54.74%
5650-0050-2	INSURANCE-AUTO & GEN LIABILITY	579.91	2,188.75	4,200.00	2,011.25	52.11%
5650-0051-2	INSURANCE-PROPERTY	134.17	536.68	1,500.00	963.32	35.78%
5650-0052-2	INSURANCE-EMP. FIDELITY BOND	13.19	52.76	150.00	97.24	35.17%
5670-0072-2	OFFICE EQUIPMENT R&M	-	-	300.00	300.00	0.00%
5680-0083-2	UTILITIES-DUMPSTER	24.56	176.18	1,100.00	923.82	16.02%
5680-0084-2	UTILITIES- THE GAS CO.- OFFICE	-	-	-	-	0.00%
5680-0085-2	UTILITIES- OFFICE- ELECT & WTR	385.61	905.45	4,000.00	3,094.55	22.64%
5686-0002-2	SECURITY	-	-	1,000.00	1,000.00	0.00%
5689-0002-2	ELECTION EXPENSE	113.75	201.25	10,000.00	9,798.75	2.01%
5912-0002-2	INTEREST EXPENSE DWR	-	-	-	-	0.00%
8900-0002-2	DISPOSAL OF ASSET GAIN (LOSS)	-	-	-	-	0.00%
8910-0002-2	DEPRECIATION EXP.	-	-	-	-	0.00%
8920-0959-2	PRIOR YEAR ADJUSTMENTS	-	-	-	-	0.00%
8960-0002-2	TRANS TO CAPITAL PROJECT AF	-	-	-	-	0.00%
8961-0002-2	TRANS TO CAPITAL PROJECTS	12,335.83	49,343.44	148,030.00	98,686.56	33.33%
8975-0002-2	RZ- CONTINGENCY FUND	-	-	50,000.00	50,000.00	0.00%
8981-0002-2	FUNDED TO/BY RESERVE-RZ	-	-	50,000.00	50,000.00	0.00%
9011-0002-2	MARKET VALUE ADJUST-INVESTMENT	-	-	-	-	0.00%
TOTAL OPERATING EXPENSES:		236,630.21	517,266.76	1,681,800.00	1,164,533.24	
NET INCOME FROM OPERATIONS:		33,427.26	(29,166.69)	(2,000.00)	(27,166.69)	

11/20/12

EAST ORANGE COUNTY WATER DISTRICT

FOR RETAIL  
MONTH: OCTOBER 2012

ACCOUNT	DESCRIPTION	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2012-13 BUDGET	BUDGET \$ (OVER) UNDER	PERCENT OF BUDGET
OTHER INCOME AND EXPENSE						
9510-0002-2	PRIOR YEARS EXPENSE	-	-	2,000.00	(2,000.00)	0.00%
9510-0959-2	PRIOR YEARS EXPENSE	-	-	-	-	0.00%
Total OTHER INCOME AND EXPENSES		-	-	2,000.00	(2,000.00)	
EARNINGS BEFORE INCOME TAX:		33,427.26	(29,166.69)	-	(29,166.69)	
Net Income (Loss):		33,427.26	(29,166.69)	-	(29,166.69)	

## RETAIL ZONE CAPITAL PROJECTS

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

11/20/2012

<b>REVENUE</b>	MONTHLY	YTD	ANNUAL	BUDGET \$	PERCENT
DESCRIPTION	ACTUAL REVENUE	ACTUAL REVENUE	2012-13 BUDGET	OVER (UNDER)	OF BUDGET
FUNDS PROVIDED BY RESERVE	-	-	(580.00)	580.00	0.00%
CAPITAL PROJECTS REVENUE					
CAPITAL PROJECTS FEES	41,430.14	82,952.37	252,000.00	(169,047.63)	32.92%
CONNECTION FEES	(857.50)	142.50	-	142.50	0.00%
INTEREST EARNINGS	108.75	108.75	50.00	58.75	217.50%
TRANSFER FROM OPERATING EXPENSES	12,335.83	49,343.44	148,030.00	(98,686.56)	33.33%
FUNDS BORROWED FROM WHOLESALE ZONE				-	0.00%
NET OPERATING INCOME	53,017.22	132,547.06	399,500.00	(266,952.94)	

<b>EXPENSES</b>	MONTHLY	YTD	ANNUAL	BUDGET \$	PERCENT
DESCRIPTION	ACTUAL REVENUE	ACTUAL REVENUE	2012-13 BUDGET	OVER (UNDER)	OF BUDGET
CAPITAL PROJECTS EXPENSES					
BETTERMENT & REPLACEMENT PLAN	-	-	70,000.00	70,000.00	0.00%
VIEW RIDGE MODIFICATION	1,775.95	-	30,500.00	30,500.00	0.00%
STOLLER RESERVOIR- 75 hp BOOSTER PUMP REPLACEMENT	-	-	15,250.00	15,250.00	0.00%
VP VAULT PIPING/METER UPGRADE 6" TO 8"	-	-	20,250.00	20,250.00	0.00%
VISTA PANORAMA RESERVOIR REPAIR	-	-	50,500.00	50,500.00	0.00%
VP PUMP REBUILD	-	-	5,250.00	5,250.00	0.00%
CATHODIC PROTECTION	-	-	25,500.00	25,500.00	0.00%
VALVE RAISING	-	-	15,250.00	15,250.00	0.00%
VALVE REPLACEMENTS	-	-	15,500.00	15,500.00	0.00%
McPHERSON OFFICE/YARD IMPROVEMENTS	-	-	10,500.00	10,500.00	0.00%
USED VEHICLE TO SUPPLEMENT FLEET	-	-	15,000.00	15,000.00	0.00%
MOBILE ENGINE DRIVEN PUMP	15,750.00	15,799.21	-	(15,799.21)	0.00%
ALLOWANCE FOR SYSTEM RELOCATION	-	-	12,000.00	12,000.00	0.00%
BACKUP GENERATOR FOR VP BOOSTER	(1,004.27)	13,082.11	80,250.00	67,167.89	16.30%
6" MAG METERS FOR STOLLER PRVS	-	-	12,750.00	12,750.00	0.00%
EAST WELL UPGRADE/REPLACE	-	-	20,000.00	20,000.00	0.00%
CAPITALIZED ACCOUNTING COSTS	-	-	1,000.00	1,000.00	0.00%
TOTAL OPERATING EXPENSE	16,521.68	28,881.32	399,500.00	370,618.68	
NET INCOME FROM OPERATIONS	36,495.54	103,665.74	-	103,665.74	
PRIOR YEARS EXPENSES	-	-	-	-	
NET INCOME (LOSS)	36,495.54	103,665.74	-	103,665.74	



## EAST ORANGE COUNTY WATER DISTRICT

FOR RETAIL  
MONTH: OCTOBER 2012

## REVENUE

ACCOUNT	DESCRIPTION	MONTHLY ACTUAL REVENUE	YTD ACTUAL REVENUE	ANNUAL 2012-13 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET
	FUNDED BY RESERVES	-	-	(580.00)	580.00	
4109-0002-2	WATER SALES-CAPITAL PROJECTS	41,430.14	82,952.37	252,000.00	(169,047.63)	0.00%
4113-0002-2	CONNECTION FEES	(857.50)	142.50	-	142.50	0.00%
4916-0959-2	INTEREST-MORGAN STANLEY-CAP	-	-	-	-	0.00%
4917-0959-2	INTEREST-LAIF-CAP	108.75	108.75	50.00	58.75	0.00%
4918-0959-2	INTEREST US TREASURY BOND	-	-	-	-	0.00%
4994-0959-2	TRANSFER IN CAPITAL PROJECTS	12,335.83	49,343.44	148,030.00	(98,686.56)	0.00%
	Total NON OPERATING INCOME:	53,017.22	132,547.06	399,500.00	(266,952.94)	
	Total OPERATING REVENUE	53,017.22	132,547.06	399,500.00	(266,952.94)	
	NET OPERATING INCOME:	53,017.22	132,547.06	399,500.00	(266,952.94)	

## EXPENSES

ACCOUNT	DESCRIPTION	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2012-13 BUDGET	BUDGET \$ (OVER) UNDER	PERCENT OF BUDGET
7900-100C-2	RZ CAPITALIZED ACCOUNTING COST	-	-	1,000.00	1,000.00	0.00%
7912-201E-2	BETTERMENT & REPLACEMENT PLAN	-	-	70,000.00	70,000.00	0.00%
7912-201L-2	BETTERMENT & REPLACEMENT PLAN	-	-	-	-	0.00%
7913-201C-2	MCPHERSON OFFICE/YARD IMPROVE-CONST.	-	-	10,000.00	10,000.00	0.00%
7913-201L-2	MCPHERSON OFFICE/YARD IMPROVE-LABOR	-	-	500.00	500.00	0.00%
7913-203C-2	USED VEHICLE TO SUPPLEMENT FLEET	-	-	15,000.00	15,000.00	0.00%
7913-204C-2	MOBILE ENGINE DRIVEN PUMP	15,750.00	15,750.00	-	(15,750.00)	0.00%
7913-204L-2	MOBILE ENGINE DRIVEN PUMP	-	49.21	-	(49.21)	0.00%
7913-501C-2	VIEW RIDGE MODIFICATION-CONST.	1,775.95	-	15,000.00	15,000.00	0.00%
7913-501E-2	VIEW RIDGE MODIFICATION-ENG.	-	-	15,000.00	15,000.00	0.00%
7913-501L-2	VIEW RIDGE MODIFICATION-LABOR	-	-	500.00	500.00	0.00%
7913-502C-2	STOLLER RESERVOIR- BOOSTER PUMP REPLACE-CONST.	-	-	10,000.00	10,000.00	0.00%
7913-502E-2	STOLLER RESERVOIR- BOOSTER PUMP REPLACE-ENG.	-	-	5,000.00	5,000.00	0.00%
7913-502L-2	STOLLER RESERVOIR- BOOSTER PUMP REPLACE-LABOR	-	-	250.00	250.00	0.00%
7913-503C-2	VP VAULT PIPING/METER UPGRADE-CONST.	-	-	15,000.00	15,000.00	0.00%
7913-503E-2	VP VAULT PIPING/METER UPGRADE-ENG.	-	-	5,000.00	5,000.00	0.00%
7913-503L-2	VP VAULT PIPING/METER UPGRADE-LABOR	-	-	250.00	250.00	0.00%
7913-504C-2	VISTA PANORAMA RESERVOIR REPAIR-CONST.	-	-	45,000.00	45,000.00	0.00%
7913-504E-2	VISTA PANORAMA RESERVOIR REPAIR-ENG.	-	-	5,000.00	5,000.00	0.00%
7913-504L-2	VISTA PANORAMA RESERVOIR REPAIR-LABOR	-	-	500.00	500.00	0.00%
7913-505C-2	VP PUMP REBUILD-CONST.	-	-	5,000.00	5,000.00	0.00%
7913-505L-2	VP PUMP REBUILD-LABOR	-	-	250.00	250.00	0.00%
7913-506C-2	CATHODIC PROTECTIONS-CONST.	-	-	20,000.00	20,000.00	0.00%
7913-506E-2	CATHODIC PROTECTION-ENG.	-	-	5,000.00	5,000.00	0.00%
7913-506L-2	CATHODIC PROTECTION-LABOR	-	-	500.00	500.00	0.00%
7913-507C-2	VALVE RAISING-CRAWFORD CANYON-CONST.	-	-	10,000.00	10,000.00	0.00%
7913-507E-2	VALVE RAISING-CRAWFORD CANYON-ENG.	-	-	5,000.00	5,000.00	0.00%
7913-507L-2	VALVE RAISING-CRAWFORD CANYON-LABOR	-	-	250.00	250.00	0.00%
7913-508C-2	VALVE REPLACEMENTS- SYSTEM CONST.	-	-	15,000.00	15,000.00	0.00%
7913-508L-2	VALVE REPLACEMENTS- SYSTEM LABOR	-	-	500.00	500.00	0.00%

11/20/12

## EAST ORANGE COUNTY WATER DISTRICT

FOR RETAIL  
MONTH: OCTOBER 2012

ACCOUNT	DESCRIPTION	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2012-13 BUDGET	BUDGET \$ (OVER) UNDER	PERCENT OF BUDGET
7913-509C-2	ALLOW FOR SYSTEM RELOCATION-CONST.	-	-	10,000.00	10,000.00	0.00%
7913-509E-2	ALLOW FOR SYSTEM RELOCATION-ENG.	-	-	2,000.00	2,000.00	0.00%
7913-510C-2	BACKUP GENERATOR FOR VP BOOSTER-CONST.	(1,722.23)	11,560.07	75,000.00	63,439.93	15.41%
7913-510E-2	BACKUP GENERATOR FOR VP BOOSTER-ENG.	-	-	5,000.00	5,000.00	0.00%
7913-510L-2	BACKUP GENERATOR FOR VP BOOSTER-LABOR	717.96	1,522.04	250.00	(1,272.04)	608.82%
7913-511C-2	6" MAG METERS @ STOLLER PRVS-CONST.	-	-	12,500.00	12,500.00	0.00%
7913-511L-2	6" MAG METERS @ STOLLER PRVS-LABOR	-	-	250.00	250.00	0.00%
7914-505E-2	EAST WELL UPGRADE/REPLACE-ENG.	-	-	20,000.00	20,000.00	0.00%
TOTAL OPERATING EXPENSES:		16,521.68	28,881.32	399,500.00	370,618.68	
NET INCOME FROM OPERATIONS:		36,495.54	103,665.74	-	103,665.74	
Net Income (Loss):		36,495.54	103,665.74	-	103,665.74	



# MEMO

**TO:** BOARD OF DIRECTORS  
**FROM:** GENERAL MANAGER  
**SUBJECT:** FY 2011/2012 AUDIT  
**DATE:** DECEMBER 16, 2012

---

## **Background**

Attached to this is a copy of the Audited Financial Statements for the period ending June 30, 2012. Also attached is a copy of the Management Letter; we received a clean opinion in both documents.

The Finance Committee reviewed this in detail at their November 28, 2012 meeting. Paul Kaymark of Charles Z. Fedak & Co., CPAs, will be present at the Board Meeting to provide a general overview of the two documents.

For comparative purposes, the table below shows the change in one financial indicator – Unrestricted Net Assets (similar to Retained Earnings in the private sector) for both the Wholesale Zone (WZ) and the Retail Zone (RZ) – over the past four years:

Year	2012		2011		2010		2009	
	WZ	RZ	WZ	RZ	WZ	RZ	WZ	RZ
Unrestricted Net Assets	\$5,962,559	\$454,567	\$5,760,657	\$713,063	\$5,627,004	\$618,517	\$5,288,585	\$900,204

Note that despite a Capital Improvement Program that has invested over \$1.5 million in the Wholesale Zone over the past four years, the WZ Unrestricted Net Assets have increased year over year. While the Retail Zone's net assets have decreased during this time, almost \$1.1 million has been invested in pipeline replacements and other capital improvements and the work has been funded through pay-as-you-go without incurring debt financing charges.

Further financial information will be presented at the meeting.

## **Recommendation**

Receive and file the audited June 30, 2012 Financial Statements and direct the General Manager to file a copy with the Office of the State Controller and the County of Orange Auditor/Controller.



***East Orange County Water District***

**Annual Financial Report**

**For the Fiscal Years Ended June 30, 2012 and 2011**



## **Our Mission Statement**

“To provide the most cost effective, reliable, and highest quality water services for the present as well as the future by operating in the most cost efficient manner possible, keeping the cost of water to our customers affordable and provide a safe working environment for our employees. Serve the community in an open manner and, at all times, communicate and deliberate in public meetings where open discussions are promoted.”

### **East Orange County Water District Board of Directors as of June 30, 2012**

<b>Name</b>	<b>Title</b>	<b>Elected / Appointed</b>	<b>Current Term</b>
William VanderWerff	President	Elected	12/08 - 12/12
Douglas M. Chapman	Vice President	Elected	12/08 - 12/12
Richard E. Barrett	Director	Elected	12/10 - 12/14
Richard B. Bell	Director	Elected	12/10 - 12/14
John Dulebohn	Director	Elected	12/08 - 12/12

**Lisa Ohlund, General Manager  
East Orange County Water District  
185 North McPherson Road  
Orange, California 92869  
(714) 538-5815  
www.eocwd.com ♦ lohlund@eocwd.com**

***East Orange County Water District***  
**Annual Financial Report**  
**For the Fiscal Years Ended June 30, 2012 and 2011**

***East Orange County Water District***  
**Annual Financial Report**  
**For the Fiscal Years Ended June 30, 2012 and 2011**

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# **Introductory Section**







September 30, 2012

Board of Directors  
East Orange County Water District  
Orange, California

## **Introduction**

It is our pleasure to submit the Annual Financial Report for the East Orange County Water District (District) for the fiscal years ended June 30, 2012 and 2011. District staff, following guidelines set forth by the Governmental Accounting Standards Board, prepared this financial report. The District is ultimately responsible for both the accuracy of the data and the completeness and the fairness of presentation, including all disclosures in this financial report. We believe that the data presented is accurate in all material respects. This report is designed in a manner that we believe is necessary in order to enhance your understanding of the District's financial position and activities.

This report is organized into two sections: (1) Introductory and (2) Financial. The Introductory section provides general information about the District's organization and activities, and provides information useful in assessing the District's financial condition. The Financial section includes the Independent Auditors' Report, Management's Discussion and Analysis of the District's basic financial statements, and the District's audited basic financial statements with accompanying notes.

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

## **District Background**

The East Orange County Water District was formed in December of 1961 and is operating under the County Water District Law, which is contained in Division 12 of the California Water Code, Sections 30000 - 33901. The District is an independent special district governed by its Board of Directors elected by the voters within the District's service area. Initially the District was formed to provide an agency which would furnish imported water to the area within its boundaries. In July of 1985, the District assumed the operations of the County of Orange WWD No. 8 as the District's Retail Zone. The District delivers water to five sub-agencies within its boundaries consisting of the Golden State Water Company, City of Tustin, Irvine Ranch Water District, City of Orange and East Orange County Water District's own Retail Zone. All of the sub-agencies use groundwater with supplemental water supplied by the District from the Allen McCulloch Pipeline or the East Orange County Feeder No.2.

The District encompasses an area of approximately 100,000 acres and is a member of the Municipal Water District of Orange County, which is a member of the Metropolitan Water District of Southern California (Metropolitan) and therefore is entitled to receive Colorado River and Northern California imported water through the distribution facilities of the Metropolitan system.

## Industry Outlook

California's water supply continues to pose many new and complex challenges for water suppliers in the state. In recent years, the District has been an active participant and leader in addressing these concerns. Through coordination and planning with other local and regional water suppliers, the District continues to engage in developing long-term solutions to the various water supply challenges.

## Internal Control Structure

District management is responsible for the establishment and maintenance of the internal control structure that ensures that the assets of the District are protected from loss, theft, or misuse. The internal control structure also ensures that adequate accounting data are 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

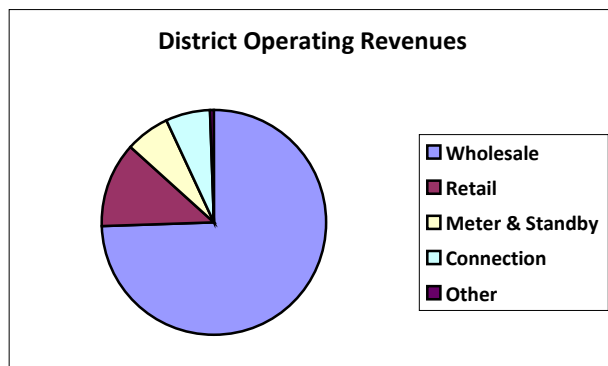
The District's Board of Directors annually adopts a balanced operating and capital budget prior to each new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise operations and capital projects. The budget is prepared on the cash basis of accounting, the District's interim financial statements are on a modified accrual basis and the final financial statements are prepared using the full accrual basis.

## Financial Plan

The District is committed to provide its customers with a safe, reliable and efficient water system. The foundation for this commitment is based in the District's Capital Improvement Plan and the June 2011 Financial Plan. These plans are reviewed annually as part of the District's budgeting process. The District's financial plan includes the establishment of reserve funds in accordance with the District's reserve practices. Reserve funds are set to ensure the continued orderly operation of the District's water systems, the providing of services to residents at established levels, and the continued stability of the District's rate structure. The purpose and structure of these funds are further discussed in the Management's Discussion and Analysis.

## Water Rates and District Revenues

The District's policy objective is that all revenues from user charges generated from District customers must support all District operations including capital project funding. Water rates are user charges imposed on customers for services and are the primary component of the District's revenue. Water rates are composed of a commodity (usage) charge, and a fixed meter and standby service charge, and are reviewed on an annual basis as part of the budgeting process. The following chart reflects the District's operating revenue mix for the year ending June 30, 2012:



## **Debt Administration**

While the District has no bonded indebtedness, the District did have an obligation under a separate note payable agreement. In, 2012, the District early retired its 1991 California Department of Water Resources note payable which saved the District \$1,319 interest payments. Additional information regarding this obligation can be found in the District's audited financial statements and accompanying notes.

## **Retirement Obligation**

In March 2012, the District paid-off its CalPERS pension side-fund. This reduced the District's employer cost contribution from 12.162% to 7.319% and saved the District approximately \$2,500 in interest costs on the obligation.

## **Investment Policy**

The Board of Directors annually adopts an investment policy that conforms to California State law, District ordinance and resolutions, prudent money management, and the "prudent person" standards. The objectives of the Investment Policy are safety, liquidity, and yield. District funds are normally invested in the State Treasurer's Local Agency Investment Fund, Certificates of Deposits, Government Agency Obligations or other specifically authorized investments.

## **Audit and Financial Reporting**

State law and loan covenants require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of Charles Z. Fedak & Company, CPAs has conducted the audit of the District's financial statements. Their unqualified Independent Auditor's Report appears in the Financial Section.

## **Risk Management**

The District is a member of the Association of California Water Agencies – Joint Powers Insurance Authority (Authority). The purpose of the Authority is to arrange and administer risk management programs for the pooling of self-insured losses, and the purchase of excess insurance coverage.

## **Water Conservation Programs**

The District has been implementing conservation management practices for many years. The District distributes materials that encourage water conservation. Additionally, the District has offered the following conservation programs through its affiliation with the Municipal Water District of Orange County:

- Residential Appliance Rebate Program
- Residential Drought-tolerant Landscape Classes
- Residential Reimbursement Program for Smart Watering Timers
- Residential Reimbursement for Turf Replacement

## **Other References**

More information is contained in the Management's Discussion and Analysis and the Notes to the Basic Financial Statements found in the Financial Section of the report.

Respectfully submitted,

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Lisa Ohlund  
General Manager

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## **Financial Section**



## **Independent Auditor's Report**

Board of Directors  
East Orange County Water District  
Orange, California

We have audited the accompanying financial statements of the East Orange County Water District (District) as of and for the fiscal years ended June 30, 2012 and 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the East Orange County Water District as of June 30, 2012 and 2011, and the respective changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 30, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits. This report can be found on page 31.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



### **Independent Auditor's Report, continued**

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory section on pages 1 through 3 and the supplementary information of combining schedules on pages 27 through 30 are presented for purposes of additional analysis and are not required parts of the basic financial statements. The supplementary information of combining schedules 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. The 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Charles Z. Fedak & Company, CPA's – An Accountancy Corporation**  
Cypress, California  
September 30, 2012

**East Orange County Water District**  
***Management's Discussion and Analysis***  
**For the Fiscal Years Ended June 30, 2012 and 2011**

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the East Orange County Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2012 and 2011. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section.

**Financial Highlights**

- The District's net assets increased by 2.0% or \$333,042 to \$17,062,648 in 2012 and increased by 0.9% or \$149,524 to \$16,729,606 in 2011 as a result of each year's operations.
- In 2012, the District's operating revenues increased 31.5% or \$1,522,001 to \$6,348,781 from the prior year due primarily to an increase in wholesale water sales. In 2011, the District's operating revenues increased 38.6% or \$1,345,105 to \$4,826,780 from the prior year due primarily to an increase in wholesale water sales.
- In 2012, the District's operating expenses increased by 22.8% or \$1,212,417 to \$6,537,485 from the prior year due primarily to an increase in wholesale water purchases. In 2011, the District's operating expenses increased by 34.3% or \$1,359,380 to \$5,325,068 from the prior year due primarily to an increase in wholesale water purchases.

**Required Financial Statements**

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

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

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 14 through 26.

**Financial Analysis of the District**

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

**East Orange County Water District**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2012 and 2011**

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

**Condensed Statement of Net Assets**

	<u>2012</u>	<u>2011</u>	<u>Change</u>
Assets:			
Current assets	\$ 7,650,428	7,615,779	34,649
Non-current assets	172,597	208,195	(35,598)
Capital assets, net	<u>10,681,522</u>	<u>10,321,075</u>	<u>360,447</u>
<b>Total assets</b>	<u><u>18,504,547</u></u>	<u><u>18,145,049</u></u>	<u><u>359,498</u></u>
Liabilities:			
Current liabilities	1,441,899	1,393,347	48,552
Non-current liabilities	<u>-</u>	<u>22,096</u>	<u>(22,096)</u>
<b>Total liabilities</b>	<u><u>1,441,899</u></u>	<u><u>1,415,443</u></u>	<u><u>26,456</u></u>
Net assets:			
Net investment in capital assets	10,681,522	10,255,886	425,636
Unrestricted	<u>6,381,126</u>	<u>6,473,720</u>	<u>(92,594)</u>
<b>Total net assets</b>	<u><u>17,062,648</u></u>	<u><u>16,729,606</u></u>	<u><u>333,042</u></u>
<b>Total liabilities and net assets</b>	<u><u>\$ 18,504,547</u></u>	<u><u>18,145,049</u></u>	<u><u>359,498</u></u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets of the District exceeded liabilities by \$17,062,648 as of June 30, 2012 and \$16,729,606 as of June 30, 2011.

By far the largest portion of the District's net assets (63% in 2012 and 62% in 2011) reflects its investment in capital assets (net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are *not* available for future spending.

At the end of fiscal year 2012 and 2011, the District shows a positive balance in its unrestricted net assets of \$6,381,126 and \$6,473,720, respectively that may be utilized in future years. The Board of Directors has taken action to reserve aspects of the unrestricted net assets for specified purposes such as asset replacement, rate stabilization, growth accommodation and emergency reserves. The District has committed to the following funds and objectives:

1. Operating Fund – Funds are maintained to capture all operating and maintenance revenues and expenditures separately for the Wholesale and Retail Zone operations. Excess revenues over expenditures are routinely transferred to the Replacement and Capital Improvements funds.
2. Replacement and Capital Improvement Funds – Separate replacement and capital improvement funds are maintained for the Wholesale District and Retail Zone.
3. Emergency Reserve Fund – This fund is earmarked by the Board of Directors for unforeseen Wholesale District emergencies or contingency expenditures.

**East Orange County Water District**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2012 and 2011**

**Condensed Statement of Revenues, Expenses and Changes in Net Assets**

	<u>2012</u>	<u>2011</u>	<u>Change</u>
Revenues:			
Operating revenues	\$ 6,348,781	4,826,780	1,522,001
Non-operating revenues	<u>1,028,392</u>	<u>1,043,059</u>	<u>(14,667)</u>
<b>Total revenues</b>	<u>7,377,173</u>	<u>5,869,839</u>	<u>1,507,334</u>
Expenses:			
Operating expenses	6,537,485	5,325,068	1,212,417
Depreciation and amortization	505,402	392,285	113,117
Non-operating expenses	<u>1,244</u>	<u>2,962</u>	<u>(1,718)</u>
<b>Total expenses</b>	<u>7,044,131</u>	<u>5,720,315</u>	<u>1,323,816</u>
<b>Change in net assets</b>	333,042	149,524	183,518
<b>Net assets, beginning of year</b>	<u>16,729,606</u>	<u>16,580,082</u>	<u>149,524</u>
<b>Net assets, end of year</b>	<u>\$ 17,062,648</u>	<u>16,729,606</u>	<u>333,042</u>

The Statement of Revenues, Expenses and Changes in Net Assets shows how the District's net assets change during the fiscal year. In the case of the District, net assets increased by \$333,042 in 2012 and increased by \$149,524 in 2011.

In 2012, a closer examination of the sources of changes in net assets reveals that the District's total revenues increased by \$1,507,302 due primarily to an increase in wholesale water sales of \$1,251,125. In addition, total expenses increased by \$1,323,816 due primarily to an increase in water purchases of \$1,241,690.

In 2011, a closer examination of the sources of changes in net assets reveals that the District's total revenues increased by \$1,363,073 due primarily to an increase in wholesale water sales of \$1,308,551. In addition, total expenses increased by \$1,312,362 due primarily to an increase in water purchases of \$1,381,547.

### Capital Asset Administration

Changes in capital assets for 2012 were as follows:

	<u>Balance</u> <u>2011</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance</u> <u>2012</u>
Non-depreciable assets	\$ 2,248,780	537,838	(2,717,557)	69,061
Depreciable assets	17,646,806	3,045,568	-	20,692,374
Accumulated depreciation and amortization	<u>(9,574,511)</u>	<u>(505,402)</u>	<u>-</u>	<u>(10,079,913)</u>
<b>Total capital assets, net</b>	<u>\$ 10,321,075</u>	<u>3,078,004</u>	<u>(2,717,557)</u>	<u>10,681,522</u>

Changes in capital assets for 2011 were as follows:

	<u>Balance</u> <u>2010</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance</u> <u>2011</u>
Non-depreciable assets	\$ 1,993,515	255,265	-	2,248,780
Depreciable assets	17,630,113	16,693	-	17,646,806
Accumulated depreciation and amortization	<u>(9,182,226)</u>	<u>(392,285)</u>	<u>-</u>	<u>(9,574,511)</u>
<b>Total capital assets, net</b>	<u>\$ 10,441,402</u>	<u>(120,327)</u>	<u>-</u>	<u>10,321,075</u>

**East Orange County Water District**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2012 and 2011**

**Capital Asset Administration, continued**

The capital asset activities of the District are summarized on the previous page and in Note 4 to the basic financial statements.

**Debt Administration**

Total debt decreased by \$65,189 and \$41,652 due to principal payments made on the Note Payable to the Department of Water Resources for the years ended June 30, 2012 and 2011, respectively. The total debt position of the District is summarized below and more fully analyzed in Note 5 to the basic financial statements.

Changes in debt amounts for the year were as follows:

	<u>Balance 2011</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2012</u>
Long-term debt:				
Note payable – DWR	\$ 65,189	-	(65,189)	-
Total long-term debt	<u>\$ 65,189</u>	<u>-</u>	<u>(65,189)</u>	<u>-</u>

Changes in debt amounts for the year were as follows:

	<u>Balance 2010</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2011</u>
Long-term debt:				
Note payable – DWR	\$ 106,841	-	(41,652)	65,189
Total long-term debt	<u>\$ 106,841</u>	<u>-</u>	<u>(41,652)</u>	<u>65,189</u>

**Conditions Affecting Current Financial Position**

Management is not aware of past, present and future conditions that would have a significant impact on the District's financial position and/or net assets.

**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 the District's General Manager, Lisa Oland at (714) 538-5815.

# **Basic Financial Statements**

**East Orange County Water District**  
**Statements of Net Assets**  
**June 30, 2012 and 2011**

<i>Assets</i>	<b>2012</b>	<b>2011</b>
Current assets:		
Cash and cash equivalents (note 2)	\$ 5,907,448	6,217,435
Accrued interest receivable	4,024	5,473
Accounts receivable – water sales and services:		
Wholesale	1,180,870	830,080
Retail	236,938	235,462
Other	1,373	2,003
Property taxes receivable	27,916	24,485
Accrued interest receivable – AMP	6,043	7,004
Note receivable – current portion – AMP (note 3)	35,598	33,099
Prepaid expenses and other assets	128,435	144,946
Water-in-storage inventory	22,575	22,732
Materials and supplies inventory	99,208	93,060
Total current assets	<u>7,650,428</u>	<u>7,615,779</u>
Non-current assets:		
Note receivable – AMP (note 3)	172,597	208,195
Capital assets, net (note 4)	<u>10,681,522</u>	<u>10,321,075</u>
Total non-current assets	<u>10,854,119</u>	<u>10,529,270</u>
<b>Total assets</b>	<u><u>\$ 18,504,547</u></u>	<u><u>18,145,049</u></u>
<b><i>Liabilities and Net Assets</i></b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,351,927	1,274,997
Accrued wages and compensated absences	50,712	36,910
Deposits and deferred revenue	39,260	37,788
Accrued interest on note payable – DWR	-	559
Long-term liabilities – due within one year:		
Note payable – current portion – DWR (note 5)	<u>-</u>	<u>43,093</u>
Total current liabilities	<u>1,441,899</u>	<u>1,393,347</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Note payable – long-term portion – DWR (note 5)	<u>-</u>	<u>22,096</u>
Total non-current liabilities	<u>-</u>	<u>22,096</u>
<b>Total liabilities</b>	<u>1,441,899</u>	<u>1,415,443</u>
Net assets:		
Net investment in capital assets (note 6)	10,681,522	10,255,886
Unrestricted	<u>6,381,126</u>	<u>6,473,720</u>
<b>Total net assets</b>	<u>17,062,648</u>	<u>16,729,606</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 18,504,547</u></u>	<u><u>18,145,049</u></u>

See accompanying notes to the basic financial statements

**East Orange County Water District**  
**Statements of Revenues, Expenses and Changes in Net Assets**  
**For the Fiscal Years Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Water sales:		
Wholesale	\$ 4,562,202	3,311,077
Retail	876,819	756,737
Meter and standby service charges	425,672	307,267
Capacity and connection fees	444,721	364,923
Other connection fees	9,202	54,561
Other service charges	<u>30,165</u>	<u>32,215</u>
Total operating revenues	<u>6,348,781</u>	<u>4,826,780</u>
Operating expenses:		
Source of supply	5,448,692	3,749,231
Pipeline capacity lease	13,000	12,000
Pumping	43,228	61,516
Treatment, transmission and distribution	761,582	767,727
General and administrative	<u>270,983</u>	<u>276,823</u>
Total operating expenses	<u>6,537,485</u>	<u>4,867,297</u>
Operating loss before depreciation	(188,704)	(498,288)
Depreciation	<u>(505,402)</u>	<u>(392,285)</u>
<b>Operating loss</b>	<u>(694,106)</u>	<u>(890,573)</u>
Non-operating revenues(expenses):		
Property taxes	919,652	913,652
Rental income – cellular antennas	70,201	72,407
Interest and investment earnings	19,017	26,313
Change in fair-value of cash equivalents and investments	(1,745)	(1,777)
Interest income – note receivable – AMP	12,157	14,090
Interest expense – note payable – DWR	(1,244)	(2,962)
Other, net	<u>9,110</u>	<u>18,374</u>
Total non-operating revenues, net	<u>1,027,148</u>	<u>1,040,097</u>
<b>Change in net assets</b>	333,042	149,524
Net assets, beginning of year	<u>16,729,606</u>	<u>16,580,082</u>
Net assets, end of year	<u><u>\$ 17,062,648</u></u>	<u><u>16,729,606</u></u>

See accompanying notes to the basic financial statements



**East Orange County Water District**  
**Statements of Cash Flows**  
**For the Fiscal Years Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Receipts from customers for water sales and services	\$ 6,007,727	4,162,755
Payments to employees for salaries	(402,573)	(383,193)
Payments to vendors for materials and services	<u>(6,033,660)</u>	<u>(4,617,177)</u>
Net cash used by operating activities	<u>(428,506)</u>	<u>(837,615)</u>
Cash flows from non-capital financing activities:		
Proceeds from property taxes	916,221	923,362
Proceeds from rental income – cellular antennas	<u>70,201</u>	<u>72,407</u>
Net cash provided in non-capital financing activities	<u>986,422</u>	<u>995,769</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(865,849)	(271,957)
Principal and interest paid on note payable – DWR	<u>(66,992)</u>	<u>(44,971)</u>
Net cash used in capital and related financing activities	<u>(932,841)</u>	<u>(316,928)</u>
Cash flows from investing activities:		
Proceeds from interest and investment earnings	18,721	26,949
Proceeds from note receivable – AMP	33,099	30,569
Proceeds from interest income – note receivable – AMP	<u>13,118</u>	<u>14,977</u>
Net cash provided by investing activities	<u>64,938</u>	<u>72,495</u>
Net decrease in cash and cash equivalents	(309,987)	(86,279)
Cash and cash equivalents, beginning of year	<u>6,217,435</u>	<u>6,303,714</u>
Cash and cash equivalents, end of year	<u>\$ 5,907,448</u>	<u>6,217,435</u>

See accompanying notes to the basic financial statements

**East Orange County Water District**  
***Statements of Cash Flows, continued***  
**For the Fiscal Years Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (694,106)	(890,573)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Deprecation and amortization	505,402	392,285
Other non-operating revenues, net	9,110	18,374
Changes in assets – (increase)decrease:		
Accounts receivable – water and other:		
Wholesale	(350,790)	(684,888)
Retail	(1,476)	(8,426)
Other	630	(1,556)
Prepaid and other	16,511	16,311
Water-in-storage inventory	157	6,480
Materials and supplies inventory	(6,148)	(168)
Changes in liabilities – increase(decrease):		
Accounts payable and accrued expenses	76,930	437,213
Accrued wages and compensated absences	13,802	11,309
Retentions payable	-	(146,447)
Deposits and deferred revenue	1,472	12,471
Total adjustments	<u>265,600</u>	<u>52,958</u>
Net cash used in operating activities	<u>\$ (428,506)</u>	<u>(837,615)</u>

See accompanying notes to the basic financial statements

**East Orange County Water District**  
**Notes to the Basic Financial Statements**  
**June 30, 2012 and 2011**

**(1) Reporting Entity and Summary of Significant Accounting Policies**

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

The East Orange County Water District (the District) was formed in 1961 in order to furnish imported potable water to an area encompassing the eastern half of the City of Orange. The District provides wholesale potable water to five sub-agencies in the region through its pipeline transmission and distribution system. The five sub-agencies consist of the East Orange County Water District Retail Zone, Golden State Water Company, City of Tustin, Irvine Ranch Water District, and the City of Orange. The District provides potable water service through the East Orange County Water District Retail Zone to 1,179 customers within its service area. The District is governed by a Board of Directors, which consists of five directors, each of whom is elected at-large for a four-year term by the citizens living within the District's service area.

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

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing water to its customers on a continuing basis be financed or recovered primarily through user charges (water sales and services) or similar funding. The District segregates its Wholesale and Retail Zone accounting internally as separate entities. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses are generated and incurred through the water sales activities to the District's customers. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

**C. Financial Reporting**

The District's basic financial statements are presented in conformance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *"Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments"* (GASB No. 34). This statement established revised financial reporting requirements for state and local governments throughout the United States for the purpose of enhancing the understandability and usefulness of financial reports.

GASB No. 34 and subsequent GASB pronouncements provide for a revised view of financial information and restructure the format of financial information provided prior to its adoption. A statement of net assets replaces the balance sheet and reports assets, liabilities, and the difference between them as net assets, not equity. A statement of revenues, expenses and changes in net assets replaces both the income statement and the statement of changes in retained earnings and contributed capital. GASB No. 34 also requires that the statement of cash flows be prepared using the direct method. Under the direct method, cash flows from operating activities are presented by major categories.

Under GASB No. 34, enterprise funds, such as the District, have the option of consistently following or not following pronouncements issued by the Financial Accounting Standards Board (FASB) subsequent to November 30, 1989. The District has elected not to follow FASB standards issued after that date, unless such standards are specifically adopted by GASB.

**East Orange County Water District**  
***Notes to the Basic Financial Statements***  
**June 30, 2012 and 2011**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Liabilities and Net Assets**

**1. 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 and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net assets during the reporting period. Actual results most likely will differ from those estimates.

**2. Cash and Cash Equivalents**

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

**3. Investments and Investment Policy**

The District has adopted an investment policy directing the Treasurer to deposit funds in financial institutions. Investments are to be made in the following areas:

- Securities of the U.S. government or its agencies
- Federal agency obligations
- Certificates of deposit (negotiable and placed)
- Commercial paper (prime)
- Money market and mutual fund accounts
- State of California – Local Agency Investment Fund (LAIF)

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.

**4. Accounts Receivable**

The District has uncollectible accounts receivable at year-end. Management deems all accounts receivable as collectible at year-end. Accordingly, an allowance for doubtful accounts has not been recorded. Historical experience indicates that uncollectible accounts receivable are immaterial.

**5. Property Taxes**

Property taxes receivable at year-end are related to property taxes collected by the County of Orange, which have not been credited to the District as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and April 10

The County of Orange Assessor's Office assesses all real and personal property within the County each year. The County of Orange Tax Collector's Office bills and collects the District's share of property taxes and assessments. The County of Orange Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

**East Orange County Water District**  
***Notes to the Basic Financial Statements***  
**June 30, 2012 and 2011**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Liabilities and Net Assets**

**6. Prepaid Expenses**

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

**7. Water-In-Storage Inventory**

Annually, a controlled quantity of water is purchased by the District and, if not used in the current year, is stored for use in the following year. Purchased stored water is subject to loss through meter error or leakage. The losses are not covered by insurance nor has a loss reserve been recorded.

**8. Materials and Supplies Inventory**

Materials and supplies inventory consists primarily of water meters, pipe and pipe fittings for construction and repair to the District's water transmission and distribution system. Inventory is valued at cost using a weighted average cost method. Inventory items are charged to expense at the time that individual items are inventoried at year-end.

**9. 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 estimated fair market 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. (See Note 4 for further details) Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Transmission and distribution systems – 5 to 100 years
- Structures and improvements – 3 to 50 years
- Capacity rights – 75 years
- Water treatment plant – 10 to 100 years
- Equipment – 5 to 50 years

**10. Construction-in-Process**

The costs associated with developmental stage projects are accumulated in an in-progress account until the project is fully developed. Once the project is complete and in use, the entire cost of the project is transferred to a capital asset account and depreciated over its estimated useful life.

**11. Compensated Absences**

The District's policy allows full-time employees to accumulate a maximum of 160 hours of vacation time. No compensation in lieu of time off is allowed except for termination or disability. Employees may accumulate up to 80 hours of sick time. As of November 30 each year, one-half of the excess over 80 hours may be credited to additional vacation or may be paid to the employee. The remaining one-half is forfeited. The District has recorded the liability for accrued vacation and sick pay in the accompanying financial statements.

**East Orange County Water District**  
**Notes to the Basic Financial Statements**  
**June 30, 2012 and 2011**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Liabilities and Net Assets**

**12. Net Assets**

The financial statements utilize a net assets presentation. Net assets are categorized as follows:

- **Net Investment in Capital Assets** – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt outstanding against the acquisition, construction or improvement of those assets.
- **Restricted Net Assets** – This component of net assets consists of external constraints placed on net assets 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 Assets** – This component of net assets consists of net assets that do not meet the definition of *restricted* or *net investment in capital assets*.

**13. Water Sales – Wholesale and Retail**

Wholesale water sales are billed on a monthly basis and retail water sales are billed on a bi-monthly cyclical basis. Estimated unbilled retail water sales revenue through June 30 has been accrued at year-end.

**14. 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.

**15. Budgetary Policies**

The District adopts an annual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of previous years actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

**(2) Cash and Investments**

Cash and cash equivalents as of June 30, consist of the following:

	<u>2012</u>	<u>2011</u>
Cash on hand	\$ 250	250
Deposits with financial institutions	40,169	40,169
Money market funds	1,331,292	1,557,988
Deposits held with Local Agency Investment Fund (LAIF)	<u>4,535,737</u>	<u>4,619,028</u>
Total cash and cash equivalents	<u>\$ 5,907,448</u>	<u>6,217,435</u>

As of June 30, the District's authorized deposits had the following maturities:

	<u>2012</u>	<u>2011</u>
Deposits held with LAIF	268 days	237 days

**East Orange County Water District**  
**Notes to the Basic Financial Statements**  
**June 30, 2012 and 2011**

**(2) Cash and Investments, continued**

***Custodial Credit Risk***

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

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. Of the bank balances, up to \$250,000 as of June 30, 2012 and 2011, were federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

***Investment in State Investment Pool***

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the 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). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

***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 longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity date:

**East Orange County Water District**  
**Notes to the Basic Financial Statements**  
**June 30, 2012 and 2011**

**(2) Cash and Investments, continued**

Maturities of investments at June 30, 2012, are as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Remaning Maturity (in Months)</u>	
		<u>12 Months Or Less</u>	<u>13-60 Months</u>
Local Agency Investment Fund (LAIF)	\$ 4,535,737	4,535,737	-
Money market funds	1,331,292	1,331,292	-
Total	\$ <u>5,867,029</u>	<u>5,867,029</u>	<u>-</u>

Maturities of investments at June 30, 2011, are as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Remaning Maturity (in Months)</u>	
		<u>12 Months Or Less</u>	<u>13-60 Months</u>
Local Agency Investment Fund (LAIF)	\$ 4,619,028	4,619,028	-
Money market funds	1,557,988	1,557,988	-
Total	\$ <u>6,177,016</u>	<u>6,177,016</u>	<u>-</u>

***Credit Risk***

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

Credit ratings of investments as of June 30, 2012, were as follows:

<u>Investment Types</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Not Rated</u>
Local Agency Investment Fund (LAIF)	\$ 4,535,737	N/A	\$ -	4,535,737
Money market funds	1,331,292	N/A	1,331,292	-
Total	\$ <u>5,867,029</u>		\$ <u>1,331,292</u>	<u>4,535,737</u>

Credit ratings of investments as of June 30, 2011, were as follows:

<u>Investment Types</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Not Rated</u>
Local Agency Investment Fund (LAIF)	\$ 4,619,028	N/A	-	4,619,028
Money market funds	1,557,988	N/A	1,557,988	-
Total	\$ <u>6,177,016</u>		\$ <u>1,557,988</u>	<u>4,619,028</u>



**East Orange County Water District**  
**Notes to the Basic Financial Statements**  
**June 30, 2012 and 2011**

**(3) Note Receivable – Allen-McColloch Pipeline**

	<b>1989 COPs</b> <b>Series A &amp; B</b>	<b>1989 COPs</b> <b>Series D</b>	<b>1992 COPs</b>	<b>Total</b> <b>COPs</b>
Total MWDOC COPs	\$ 60,453,013 *	715,000	59,800,000	120,968,013
District's COPs share	\$ 1,837,185	715,000	1,817,339	4,369,524
Annual receipts due	Jan 1 & July 1	Jan 1 & July 1	Jan 1 & July 1	
Interest rate	5.80%	7.0% - 7.1%	Floating rate	
Initial payment received	April 10, 1995	July 1, 1995	April 10, 1995	
Final payment due	July 1, 2016	July 1, 2016	July 1, 2006	

\* Amount has been adjusted for debt service reserve and negotiated capacity changes in the AMP for the City of San Juan Capistrano, and the former Coastal Municipal Water District and the former El Toro Water District.

On July 1, 1994, the District signed an agreement along with the Municipal Water District of Orange County (MWDOC) and several other participants for the sale of capacity rights in the Allen-McColloch Pipeline (AMP) to the Metropolitan Water District of Southern California (Metropolitan). Under the terms of the sale, the District became a 3.039% recipient of principal and interest in the following:

MWDOC Certificates of Participation (COPs):

Metropolitan acknowledged in its purchase that the purchase price was substantially less than the value of the AMP based on replacement costs less depreciation, but MWDOC and the seller participants accepted the price because Metropolitan will expand the capacity of the AMP at their expense and will provide new delivery points along with AMP which will benefit the sellers.

Note receivable from the AMP consists of the following:	<b>2012</b>	<b>2011</b>
Note receivable – current – AMP	\$ 35,598	33,099
Note receivable – non-current – AMP	172,597	208,195
Total	\$ 208,195	241,294

**(4) Capital Assets**

Changes in capital assets for 2012 were as follows:

	<b>Balance</b> <b>2011</b>	<b>Additions</b>	<b>Deletions/ Transfers</b>	<b>Balance</b> <b>2012</b>
Non-depreciable assets:				
Land and easements	\$ 56,289	-	-	56,289
Construction-in-process	2,192,491	537,838	(2,717,557)	12,772
Total non-depreciable assets	2,248,780	537,838	(2,717,557)	69,061
Depreciable assets:				
Transmission and distribution system	10,463,508	1,264,244	-	11,727,752
Structures and improvements	5,939,406	1,776,260	-	7,715,666
Capacity rights	943,320	-	-	943,320
Equipment	300,572	5,064	-	305,636
Total depreciable assets	17,646,806	3,045,568	-	20,692,374
Accumulated depreciation and amortization	(9,574,511)	(505,402)	-	(10,079,913)
Total depreciable assets, net	8,072,295	2,540,166	-	10,612,461
Total capital assets, net	\$ 10,321,075	3,078,004	(2,717,557)	10,681,522

**East Orange County Water District**  
**Notes to the Basic Financial Statements**  
**June 30, 2012 and 2011**

**(4) Capital Assets, continued**

Changes in capital assets for 2011 were as follows:

	<u>Balance 2010</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2011</u>
Non-depreciable assets:				
Land and easements	\$ 56,289	-	-	56,289
Construction-in-process	1,937,226	255,265		2,192,491
Total non-depreciable assets	<u>1,993,515</u>	<u>255,265</u>	<u>-</u>	<u>2,248,780</u>
Depreciable assets:				
Transmission and distribution system	10,446,815	16,693	-	10,463,508
Structures and improvements	5,939,406	-	-	5,939,406
Capacity rights	943,320	-	-	943,320
Equipment	300,572	-	-	300,572
Total depreciable assets	17,630,113	16,693	-	17,646,806
Accumulated depreciation and amortization	<u>(9,182,226)</u>	<u>(392,285)</u>	<u>-</u>	<u>(9,574,511)</u>
Total depreciable assets, net	<u>8,447,887</u>	<u>(375,592)</u>	<u>-</u>	<u>8,072,295</u>
Total capital assets, net	<u>\$ 10,441,402</u>	<u>(120,327)</u>	<u>-</u>	<u>10,321,075</u>

Major capital assets additions during the years include the rehabilitation of the District's wells and many of the District's transmission and distribution systems. A significant portion of these additions were constructed by the District and/or sub-contractors and transferred out of construction-in-process upon completion of these various projects.

**Construction-In-Process**

The District has been involved in various construction projects throughout the year. The construction-in-process balances at year-end are as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
The balance at June 30, consist of the following projects:			
Transmission and distribution system upgrades	\$ <u>12,772</u>	<u>2,192,491</u>	<u>1,937,226</u>

**(5) Note Payable – Department of Water Resources**

In 1991, the California Department of Water Resources contracted with the District to loan the District up to \$718,500 to fund a Water Conservation Project to replace 6,600 l.f. of 12" and 14" diameter steel distribution mainline with 14" C900 PVC or ductile iron piping. The construction amount financed was \$646,561. The note is scheduled to mature in 2013. The District paid-off the remaining principal balance of the debt during fiscal year 2012.

**(6) Net Investment in Capital Assets**

The balance consists of the following:

	<u>2012</u>	<u>2011</u>
Capital assets, net	\$ 10,681,522	10,321,075
Note payable – current portion – DWR	-	(43,093)
Note payable – DWR	-	(22,096)
	<u>\$ 10,681,522</u>	<u>10,255,886</u>

**East Orange County Water District**  
**Notes to the Basic Financial Statements**  
**June 30, 2012 and 2011**

**(7) Allen-McColloch Pipeline Lease**

On July 1, 1994, the District, along with Municipal Water District of Orange County (MWDOC), as well as other participants, sold its capacity rights in the Allen-McColloch Pipeline AMP) to Metropolitan Water District of Southern California (MET). It was agreed with MET, that the District and other participants would continue to receive water from the AMP as requested (subject to availability) through the term of the agreement and thereafter. In consideration for the availability of water through the AMP and other matters, the District and other participants agreed to make lease payments measured by the debt service (on MWDOC's 1989 COPS, Series D) previously incurred and assumed by MET. In February 2010 the District accepted MWDOC's offer to prepay this lease obligation through 2017 for \$107,000, thereby saving the District \$31,191 in future pipeline lease payments. The prepaid lease schedule is as follows:

<b>Fiscal Year</b>	<b>Lease Payable 1989 COPS Series D</b>
2013	\$ 14,000
2014	15,000
2015	16,000
2016	18,000
2017	19,000
Total	<u>\$ 82,000</u>

**(8) Deferred Compensation Savings Plan**

For the benefit of its employees, the District participates in the California Public Employees Retirement System (CalPERS) Section 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for California public employees that elect to participate in the Program. This Program is established pursuant to sections 21670 through 21685 of the Government Code of the State of California and is intended to constitute an "eligible deferred compensation plan" within the meaning of Section 457 of the Federal Internal Revenue Code. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

The Program was created under the administrative and investment control of the CalPERS Board, which requires the Board to act in the interest of Program participants. Also, Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of participants. Accordingly, the District is in compliance with legislation, which requires Section 457 plan assets to be held in trust for employees. This means that employee assets held in Section 457 plans are no longer viewed as the legal property of the District and are no longer subject to claims of the District's general creditors.

The District has implemented GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net assets.

**East Orange County Water District**  
**Notes to the Basic Financial Statements**  
**June 30, 2012 and 2011**

**(9) Defined Benefit Pension Plan**

***Plan Description***

The District contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public agencies within the State of California. Benefit provisions and all other requirements are established by state statute and the District. Copies of CalPERS annual financial report may be obtained from their Executive Office: 400 P Street, Sacramento, CA, 95814.

***Funding Policy***

The contribution rate for plan members in the CalPERS 2.0% at 60 Risk Pool Retirement Plan is 7% of their annual covered salary. The District makes these contributions required of District employees on their behalf and for their account. Also, the District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rates are equal to the annual pension costs (APC) percentage of payroll for fiscal years 2012, 2011 and 2010 as noted below. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS. For Fiscal years 2012, 2011 and 2010, the Agency's annual contributions for the CalPERS plan were equal to the Agencies required and actual contributions for each fiscal year as follows:

***Three Year Funding Information***

<b>Fiscal Year</b>	<b>Annual Pension cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>	<b>APC Percentage of Payroll</b>
2011-2012	\$ 75,483	100%	-	7.319%
2010-2011	53,375	100%	-	10.803%
2009-2010	54,048	100%	-	10.774%

**(10) Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2012, the District participated in the liability and property programs of the ACWA/JPIA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$500,000, combined single limit at \$500,000 per occurrence. The District purchased additional excess coverage layers: \$50 million for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.
- Fidelity coverage up to \$250,000 per loss includes public employee dishonesty, forgery or alteration, computer fraud and ERISA coverage's, subject to a \$100,000 pooled self –insurance limit with a deductible of \$1,000 per claim.

**East Orange County Water District**  
**Notes to the Basic Financial Statements**  
**June 30, 2012 and 2011**

**(10) Risk Management, continued**

- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of \$50 million per occurrence, subject to a \$50,000 pooled self –insurance limit. Boiler and machinery coverage for the replacement cost up to \$50 million per occurrence, subject to various deductibles depending on the type of equipment.
- Workers' compensation insurance up to California statutory limits for all work related injuries/illnesses covered by California law.

There have been no losses or claims in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2012 and 2011. 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, 2012 and 2011.

**(11) Governmental Accounting Standards Board Statements Issued, Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2012, that have effective dates that may impact future financial presentations.

***Governmental Accounting Standards Board Statement No. 60***

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This standard addresses how to account for and report service concession arrangements, a type of public-private or public-public partnership that state and local governments are increasingly entering into. This statement is effective for financial statements for periods beginning after December 15, 2011. The District estimates that this statement will not have a material impact on the presentation of the basic financial statements.

***Governmental Accounting Standards Board Statement No. 61***

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity, Omnibus*. This standard is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 34, *Basic Financial Statement and Management's Discussion and Analysis for State and local Governments*. This statement is effective for financial statements for periods beginning after June 15, 2012. The District estimates that this statement will not have a material impact on the presentation of the basic financial statements.

***Governmental Accounting Standards Board Statement No. 62***

In December 2010, The GASB issued Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

**East Orange County Water District**  
**Notes to the Basic Financial Statements**  
**June 30, 2012 and 2011**

**(11) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

***Governmental Accounting Standards Board Statement No. 62, continued***

Hereinafter, these pronouncements collectively are referred to as the “FASB and AICPA pronouncements.” This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented.

***Governmental Accounting Standards Board Statement No. 63***

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard is designed to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This statement is effective for financial statements for periods beginning after December 15, 2011. The District estimates that this statement will not have a material impact on the presentation of the basic financial statements.

***Governmental Accounting Standards Board Statement No. 65***

In March 2012, the GASB issued Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The District estimates that this statement will not have a material impact on the presentation of the basic financial statements.

***Governmental Accounting Standards Board Statement No. 66***

In March 2012, the GASB issued Statement No. 66 – *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The District estimates that this statement will not have a material impact on the presentation of the basic financial statements.

**East Orange County Water District**  
**Notes to the Basic Financial Statements**  
**June 30, 2012 and 2011**

**(11) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

***Governmental Accounting Standards Board Statement No. 68***

In June 2012, the GASB issued Statement No. 68 – *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The provisions of Statement 68 are effective for fiscal years beginning after June 15, 2014. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

**(12) Commitments and Contingencies**

***Joint Facilities Agreement***

The District is a party to a joint facilities agreement, dated February 13, 1964, with the Irvine Ranch Water District (IRWD) for the original purpose of constructing, operating and maintaining a water treatment plant, reservoir and pipelines. The construction was completed in 1964 and the District has capitalized the reservoir and pipelines as part of its utility plant assets. IRWD entered into this agreement with the District to gain capacity rights in the water treatment plant, reservoir and pipelines. The District and IRWD continue to proportionally share in the costs of maintenance and operations of the reservoir and pipelines; however, the treatment plant has been abandoned.

***Construction Contracts***

The District has a variety of agreements with private parties relating to the installation, improvement or modification of water 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 advances for construction.

***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 that there are no legal matters that will materially affect its financial condition.

**(13) Subsequent Events**

Events occurring after June 30, 2012 have been evaluated for possible adjustment to the financial statements or disclosure as of September 30, 2012, which is the date the financial statements were available to be issued.

## **Supplemental Information**



**East Orange County Water District**  
**Combining Schedule of Net Assets**  
**June 30, 2012**

<i>Assets</i>	<b>Wholesale</b>	<b>Retail</b>	<b>Total</b>
Current assets:			
Cash and cash equivalents	\$ 5,564,436	343,012	5,907,448
Accrued interest receivable	3,886	138	4,024
Accounts receivable – water sales and services:			
Wholesale	1,180,870	-	1,180,870
Retail	-	236,938	236,938
Other	1,373	-	1,373
Property taxes receivable	17,804	10,112	27,916
Accrued interest receivable – AMP	6,043	-	6,043
Note receivable – current portion – AMP	35,598	-	35,598
Prepaid expenses and other assets	124,615	3,820	128,435
Water-in-storage inventory	20,081	2,494	22,575
Materials and supplies inventory	49,604	49,604	99,208
<b>Total current assets</b>	<b>7,004,310</b>	<b>646,118</b>	<b>7,650,428</b>
Non-current assets:			
Note receivable – AMP	172,597	-	172,597
Capital assets, net	5,717,882	4,963,640	10,681,522
<b>Total non-current assets</b>	<b>5,890,479</b>	<b>4,963,640</b>	<b>10,854,119</b>
<b>Total assets</b>	<b>\$ 12,894,789</b>	<b>5,609,758</b>	<b>18,504,547</b>
<b><i>Liabilities and Net Assets</i></b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 1,208,646	143,281	1,351,927
Accrued wages and compensated absences	17,463	33,249	50,712
Deposits and deferred revenue	24,239	15,021	39,260
<b>Total current liabilities</b>	<b>1,250,348</b>	<b>191,551</b>	<b>1,441,899</b>
<b>Total liabilities</b>	<b>1,250,348</b>	<b>191,551</b>	<b>1,441,899</b>
Net assets:			
Net investment in capital assets	5,717,882	4,963,640	10,681,522
Unrestricted	5,926,559	454,567	6,381,126
<b>Total net assets</b>	<b>11,644,441</b>	<b>5,418,207</b>	<b>17,062,648</b>
<b>Total liabilities and net assets</b>	<b>\$ 12,894,789</b>	<b>5,609,758</b>	<b>18,504,547</b>

**East Orange County Water District**  
**Combining Schedule of Net Assets**  
**June 30, 2011**

<i>Assets</i>	<b>Wholesale</b>	<b>Retail</b>	<b>Total</b>
Current assets:			
Cash and cash equivalents	\$ 5,652,740	564,695	6,217,435
Accrued interest receivable	5,270	203	5,473
Accounts receivable – water sales and services:			
Wholesale	830,080	-	830,080
Retail	-	235,462	235,462
Other	2,003	-	2,003
Property taxes receivable	15,554	8,931	24,485
Accrued interest receivable – AMP	7,004	-	7,004
Note receivable – current portion – AMP	33,099	-	33,099
Prepaid expenses and other assets	139,891	5,055	144,946
Water-in-storage inventory	11,366	11,366	22,732
Materials and supplies inventory	46,530	46,530	93,060
Total current assets	<u>6,743,537</u>	<u>872,242</u>	<u>7,615,779</u>
Non-current assets:			
Note receivable – AMP	208,195	-	208,195
Capital assets, net	<u>5,931,992</u>	<u>4,389,083</u>	<u>10,321,075</u>
Total non-current assets	<u>6,140,187</u>	<u>4,389,083</u>	<u>10,529,270</u>
<b>Total assets</b>	<b>\$ <u>12,883,724</u></b>	<b><u>5,261,325</u></b>	<b><u>18,145,049</u></b>
<b><i>Liabilities and Net Assets</i></b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 1,153,037	121,960	1,274,997
Accrued wages and compensated absences	13,288	23,622	36,910
Deposits and deferred revenue	24,750	13,038	37,788
Accrued interest on note payable – DWR	-	559	559
Long-term liabilities – due within one year:			
Note payable – current portion – DWR	<u>-</u>	<u>43,093</u>	<u>43,093</u>
Total current liabilities	<u>1,191,075</u>	<u>202,272</u>	<u>1,393,347</u>
Non-current liabilities – note payable – DWR			
Long-term liabilities – due in more than one year:			
Note payable – long-term portion – DWR	<u>-</u>	<u>22,096</u>	<u>22,096</u>
Total non-current liabilities	<u>-</u>	<u>22,096</u>	<u>22,096</u>
<b>Total liabilities</b>	<b><u>1,191,075</u></b>	<b><u>224,368</u></b>	<b><u>1,415,443</u></b>
Net assets:			
Net investment in capital assets	5,931,992	4,323,894	10,255,886
Unrestricted	<u>5,760,657</u>	<u>713,063</u>	<u>6,473,720</u>
<b>Total net assets</b>	<b><u>11,692,649</u></b>	<b><u>5,036,957</u></b>	<b><u>16,729,606</u></b>
<b>Total liabilities and net assets</b>	<b>\$ <u>12,883,724</u></b>	<b><u>5,261,325</u></b>	<b><u>18,145,049</u></b>

**East Orange County Water District**  
**Combining Schedule of Revenues, Expenses and Changes in Net Assets**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Wholesale</u>	<u>Retail</u>	<u>Internal Balances</u>	<u>Total</u>
Operating revenues:				
Water sales:				
Wholesale	\$ 5,342,059	-	(779,857)	4,562,202
Retail	-	876,819	-	876,819
Meter and standby service charges	158,065	288,935	(21,328)	425,672
Capacity and connection fees	247,947	213,535	(16,761)	444,721
Other connection fees	9,202	-	-	9,202
Other service charges	19,433	10,732	-	30,165
Total operating revenues	<u>5,776,706</u>	<u>1,390,021</u>	<u>(817,946)</u>	<u>6,348,781</u>
Operating expenses:				
Source of supply – water purchases	5,349,145	779,857	(779,857)	5,349,145
Source of supply – in-lieu purchases credit	-	(355,234)	-	(355,234)
Source of supply – standby service charges	158,065	21,328	(21,328)	158,065
Source of supply – capacity and connection fees	247,947	16,761	(16,761)	247,947
Source of supply – replenishment assessment	-	48,769	-	48,769
Total source of supply	<u>5,755,157</u>	<u>511,481</u>	<u>(817,946)</u>	<u>5,448,692</u>
Pipeline capacity lease	13,000	-	-	13,000
Pumping	1,928	41,300	-	43,228
Treatment, transmission and distribution	345,447	416,135	-	761,582
General and administrative	90,416	180,567	-	270,983
Total operating expenses	<u>6,205,948</u>	<u>1,149,483</u>	<u>(817,946)</u>	<u>6,537,485</u>
Operating income(loss) before depreciation	(429,242)	240,538	-	(188,704)
Depreciation	(308,994)	(196,408)	-	(505,402)
<b>Operating loss</b>	<u>(738,236)</u>	<u>44,130</u>	<u>-</u>	<u>(694,106)</u>
Non-operating revenues(expenses):				
Property taxes	586,412	333,240	-	919,652
Rental income – cellular antennas	70,201	-	-	70,201
Interest and investment earnings	18,297	720	-	19,017
Change in fair-value of cash equivalents and investments	(1,664)	(81)	-	(1,745)
Interest income – note receivable – AMP	12,157	-	-	12,157
Interest expense – note payable – DWR	-	(1,244)	-	(1,244)
Other, net	4,625	4,485	-	9,110
Total non-operating revenues, net	<u>690,028</u>	<u>337,120</u>	<u>-</u>	<u>1,027,148</u>
<b>Change in net assets</b>	<u>(48,208)</u>	<u>381,250</u>	<u>-</u>	<u>333,042</u>
Net assets, beginning of year	<u>11,692,649</u>	<u>5,036,957</u>	<u>-</u>	<u>16,729,606</u>
Net assets, end of year	<u>\$ 11,644,441</u>	<u>5,418,207</u>	<u>-</u>	<u>17,062,648</u>

**East Orange County Water District**  
**Combining Schedule of Revenues, Expenses and Changes in Net Assets**  
**For the Fiscal Year Ended June 30, 2011**

	<u>Wholesale</u>	<u>Retail</u>	<u>Internal Balances</u>	<u>Total</u>
Operating revenues:				
Water sales:				
Wholesale	\$ 3,697,970	-	(386,893)	3,311,077
Retail	-	756,737	-	756,737
Meter and standby service charges	137,793	187,249	(17,775)	307,267
Capacity and connection fees	243,510	142,226	(20,813)	364,923
Other connection fees	54,561	-	-	54,561
Other service charges	19,037	13,178	-	32,215
Total operating revenues	<u>4,152,871</u>	<u>1,099,390</u>	<u>(425,481)</u>	<u>4,826,780</u>
Operating expenses:				
Source of supply – water purchases	3,749,231	386,893	(386,893)	3,749,231
Source of supply – in-lieu purchases credit	-	-	-	-
Source of supply – standby service charges	137,793	17,775	(17,775)	137,793
Source of supply – capacity and connection fees	243,510	20,813	(20,813)	243,510
Source of supply – replenishment assessment	-	76,468	-	76,468
Total source of supply	<u>4,130,534</u>	<u>501,949</u>	<u>(425,481)</u>	<u>4,207,002</u>
Pipeline capacity lease	12,000	-	-	12,000
Pumping	2,241	59,275	-	61,516
Treatment, transmission and distribution	358,210	409,517	-	767,727
General and administrative	138,195	138,628	-	276,823
Total operating expenses	<u>4,641,180</u>	<u>1,109,369</u>	<u>(425,481)</u>	<u>5,325,068</u>
Operating loss before depreciation	(488,309)	(9,979)	-	(498,288)
Depreciation	<u>(244,943)</u>	<u>(147,342)</u>	<u>-</u>	<u>(392,285)</u>
<b>Operating loss</b>	<u>(733,252)</u>	<u>(157,321)</u>	<u>-</u>	<u>(890,573)</u>
Non-operating revenues(expenses):				
Property taxes	584,659	328,993	-	913,652
Rental income – cellular antennas	72,407	-	-	72,407
Interest and investment earnings	25,091	1,222	-	26,313
Change in fair-value of cash equivalents and investments	(1,603)	(174)	-	(1,777)
Interest income – note receivable – AMP	14,090	-	-	14,090
Interest expense – note payable – DWR	-	(2,962)	-	(2,962)
Other, net	13,940	4,434	-	18,374
Total non-operating revenues, net	<u>708,584</u>	<u>331,513</u>	<u>-</u>	<u>1,040,097</u>
<b>Change in net assets</b>	<u>(24,668)</u>	<u>174,192</u>	<u>-</u>	<u>149,524</u>
Net assets, beginning of year	<u>11,717,317</u>	<u>4,862,765</u>	<u>-</u>	<u>16,580,082</u>
Net assets, end of year	<u>11,692,649</u>	<u>5,036,957</u>	<u>-</u>	<u>16,729,606</u>

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# **Report on Compliance and Internal Controls**



**Independent Auditor's 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  
East Orange County Water District  
Orange, California

We have audited the basic financial statements of the East Orange County Water District (District) as of and for the fiscal years ended June 30, 2012 and 2011, and have issued our report thereon dated September 30, 2012. 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.

***Internal Control Over Financial Reporting***

In planning and performing our audits, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control over financial reporting 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

***Compliance and Other Matters***

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

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

**Charles Z. Fedak & Company, CPA's – An Accountancy Corporation**  
September 30, 2012  
Cypress, California



**East Orange County Water District**

**Management Report**

**June 30, 2012**



**Charles Z. Fedak & Company**

Certified Public Accountants  
An Accountancy Corporation

# **East Orange County Water District**

## **Management Report**

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

## Charles Z. Fedak & Company

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Board of Directors  
East Orange County Water District  
Orange, California

### **Dear Members of the Board:**

We have audited the basic financial statements of the East Orange County Water District (the District) as of and for the year ended June 30, 2012 in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

A control deficiency 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 misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

Our consideration on internal control was for the limited period described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above; however, we did note a control deficiency on the following page.

Our comments, all of which have been discussed with the appropriate members of management, are summarized as follows:

## **Summary of Current Year Comments and Recommendations**

### ***Disclosure of Audit Adjustments and Reclassifications***

As your external auditor, we assume that the books and records of the District are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

### **Management's Response**

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system to close-out the District's year-end trial balance.


### **Status of Comments and Recommendations Made in the Previous Year**

**None Noted**

\* \* \* \* \*

This report is intended solely for the information and use of management and the Board of Directors of the District. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

A handwritten signature in black ink that reads "Charles Z. Fedak & Company CPAs - An Accountancy Corporation". The signature is written in a cursive, slightly slanted style.

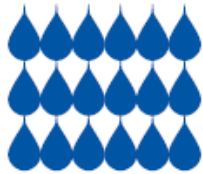
**Charles Z. Fedak & Company, CPA's – An Accountancy Corporation**  
Cypress, California  
September 30, 2012

**APPENDIX**

**East Orange County Water District**

**Audit/Finance Committee Letter**

**June 30, 2012**



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

# Charles Z. Fedak & Company

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Board of Directors  
East Orange County Water District  
Orange, California

We have audited the basic financial statements of the East Orange County Water District (District) for the year ended June 30, 2012 and have issued our report thereon dated September 30, 2012. Generally accepted auditing standards require that we provide the Governing Board and management with the following information related to our audit of the District's basic financial statements.

## **Auditor's Responsibility under United States Generally Accepted Auditing Standards**

As stated in our Audit Engagement Letter dated May 15, 2012, our responsibility, as described by professional standards, is to express an opinion about whether the basic financial statements prepared by management with oversight of the Governing Board are fairly presented, in all material respects, in conformity with United States generally accepted accounting principles. Our audit of the financial statements does not relieve the Governing Board or management of its responsibilities of oversight in the District's external financial reporting process or any other processes.

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

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

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

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

We performed the audit according to the planned scope and timing requirements previously communicated in our Audit Engagement letter dated May 15, 2012.

## **Qualitative Aspects of Accounting Practices**

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

We noted no transactions entered into by the District during fiscal year 2012 for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

### **Management's Judgments, Accounting Estimates and Financial Disclosures**

Accounting estimates play an integral part in the preparation of basic financial statements by management and are based upon management's knowledge, experience and current judgment(s) about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the position in the basic financial statements is (are):

Management's estimate of the fair value of cash and investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the basic financial statements are neutral, consistent and clear. Certain basic financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the basic financial statements is (are):

The disclosure of fair value of cash and investments in Note 2 to the basic financial statements represents amounts susceptible to market fluctuations.

The disclosure of capital assets, net in Note 4 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

### **Corrected and Uncorrected Misstatements**

Generally Accepted Auditing Standards require us to accumulate all known and likely misstatements identified during the audit, except those that are considered trivial, and communicate them to the appropriate level of management as follows:

There were five (5) audit adjustments/reclassification entries recorded to adjust the original trial balance presented to us to begin our audit. Please see the 5 audit adjustments/reclassification entries at the end of this report.

### **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 the application of an accounting principal to the District's basic financial statements or a determination of the type of auditor's 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 Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Difficulties Encountered in Performing the Audit**

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

### **Disagreements with Management**

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the basic financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit of the District.

### **Management Representations**

We have requested certain representations from management that are included in the Management Representational Letter to the Auditor dated September 30, 2012.

### **Conclusion**

We appreciate the cooperation extended us by Lisa Ohlund, General Manager, and District staff in the performance of our audit testwork.

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than the specified, parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

*Charles Z. Fedak & Company CPAs - An Accountancy Corporation*

**Charles Z. Fedak & Company, CPA's – An Accountancy Corporation**  
Cypress, California  
September 30, 2012



**East Orange County Water District**  
**June 30, 2012**  
**Schedule of Audit Adjusting Journal Entries**

<b>Entry #</b>	<b>Status</b>	<b>Account</b>	<b>Description</b>	<b>Debit</b>	<b>Credit</b>
<b>AJE 1</b>	<b>Posted</b>	2220-0001-1	ACCOUNTS PAYABLE	1,400.73	
		2220-0002-2	ACCOUNTS PAYABLE		1,400.73
		<b>AJE - To properly account for AP at 6/30/12</b>			
<b>AJE 2</b>	<b>Posted</b>	1370-0088-2	A/R- DEPOSIT REFUND CLEARING	60.00	
		4990-0002-2	MISCELLANEOUS INCOME		60.00
		<b>AJE - To properly account for returned check</b>			
<b>AJE 3</b>	<b>Posted</b>	1141-0001-1	ACCUMULATED DEPRECIATION-WS		64,821.40
		8910-0001-1	DEPRECIATION EXP.	64,821.40	
		1141-0002-2	ACCUMULATED DEPRECIATION- RZ		50,742.09
		8910-0002-2	DEPRECIATION EXP.	50,742.09	
		<b>AJE - To adjust Depreciation to include CIP transfer</b>			
<b>AJE 4</b>	<b>Posted</b>	4113-0001-1	CONNECTION FEES	10,190.00	
		4133-0001-1	MET-MWDOC CAPACITY CHARGE		10,190.00
		<b>AJE - To adjust Connection Fees to actual</b>			
<b>AJE 5</b>	<b>Posted</b>	1510-0001-1	CONSOLIDATION COSTS		1,250.00
		1510-0002-2	COLSOLIDATION COSTS		1,250.00
		9510-0001-1	PRIOR YEARS EXPENSE	1,250.00	
		9510-0002-2	PRIOR YEARS EXPENSE	1,250.00	
		<b>AJE - To properly account for Consolidation Costs</b>			
<b>TOTALS</b>				<u>129,714.22</u>	<u>129,714.22</u>

# MEMO

**TO:** BOARD OF DIRECTORS  
**FROM:** GENERAL MANAGER  
**SUBJECT:** ACWA CONFERENCE REPORT – DECEMBER 5-7, 2012  
**DATE:** DECEMBER 14, 2012

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## **BACKGROUND**

The Association of California Water Agencies (ACWA) Fall Conference was held in San Diego at the Manchester Grand Hyatt. The conference attendance was estimated to be approximately 1800 people, which is within their typical attendance range. The General Manager attended sessions on each of the three days of the conference; the following paragraphs contain a discussion of several of the session attended. Also attached to this memo is a summary of the services provided by ACWA to Region 10 (Orange and San Diego Counties) during this past year.

The overarching theme for the conference was California Water...The Next Generation, focusing on the "Millennial Generation's" entrance into the national workforce and what that means for California's water suppliers in particular.

### **Subject: The Millennial Generation**

In their presentation, "Millennials are Remaking America, R U Ready?" speakers Morley Winograd and Michael D. Hais reported that Baby Boomers (born between 1945-1964) and Generation X (born between 1965-1981) are making way for the Millennials (born between 1982-2003). This generation has been variously referred to as "Generation Y," and "Echo Boomers," but now is generally referred to as the Millennials. While the Baby Boomers that still dominate the workforce are characterized by being idealists that strongly adhere to their own personal values and use broadcast TV as their primary communication technology, and the Generation Xers are characterized by being reactive against what came before, are cynical and anti-institutional, and use cable TV as their primary communication technology; Millennials are partisan unifiers that are group-oriented and use social media as their primary communication technology. The Millennial Generation is also the most racially diverse generation in America, is confident in their future, are collaborative team players, like their parents, aren't rebellious and tend to follow authority. They believe that stricter environmental regulations are worth the cost, and are more favorable toward government regulation of business and "Big Government" in general than previous generations. They are burdened with large amounts of student debt and so may be less able to buy a home and will live multi-generationally with parents. Some of these traits will cause companies/public agencies to: create loyalty through Meaning and Purpose, integrate "green" efforts into every facet of business, be transparent, work in "teams," replace/update technology frequently and build consensus.

### **Subject: Reasonable Use Doctrine**

"Reasonable Use" has been a substantive issue in the California water world for a long time. In historic California water law, the emphasis was on "use" as long as it was "reasonable," – which largely included any use that wasn't flagrantly wasteful. But in 1928, the state legislature amended the California Constitution (Article X, Section 2) to require that water be put to "reasonable and beneficial use" as determined by the State Water Resources Control Board. In the time since this action, court cases have been narrowing the definition of "reasonable and beneficial" to the point that what may have

been a beneficial use at one time may, because of changed conditions, be considered a waste of water at a later time (e.g., water diversion to protect a vineyard from frost damage – a practice that had been conducted for over a century - was declared unreasonable in a 1976 appellate court ruling upholding SWRCB regulations preventing the practice). SWRCB rulemaking increasingly has superseded water rights priorities (e.g., riparian or pre-1914 appropriative rights) by declaring certain uses non-beneficial. Recently, the SWRCB was overruled by a court in a Northern California case that found that the SWRCB had exceeded their authority, because they made a blanket declaration that frost protection water diversions are an unreasonable use, instead of conducting a case-by-case analysis

#### Subject: Water-Energy Nexus

Presenters reported that over the next 10 years, over \$7 billion dollars will need to be injected into the California grid to upgrade existing infrastructure and accommodate new capacity and Smart Grid requirements; this will result in a 3-3.5% annual rate increase component over the next 10 years. Additionally, fuel costs increase are projected to double by 2020 which translates into a 1.5-2% annual rate cost component increase. Costs related to the Renewable Portfolio Standard are estimated to increase average electricity rates between 2.5% to 3.5% annually until 2020. These increases are authorized by the California Public Utilities Association, but energy utilities are also governed by the Federal Energy Regulatory Commission that recently authorized San Diego Gas & Electric to increase their rates by 2.7 percent above the increases approved by the CPUC; commercial customer rates were increased by more than 7 percent over a few months. Strategies for minimizing this impact included incorporating solar and/or small hydropower generation into your energy portfolio. Most interesting was the concept of installing dual fuel equipment that would allow switching between electrical and gas power during the high demand, high price summer months. Power purchasing collectives were also highlighted allowing a joint powers authority to purchase power in larger, cheaper blocks,

#### Subject: Water Agency Contracting Options for Renewable Energy

The process that ACWA went through to qualify two firms as a preferred ACWA provider (one for solar and one for small hydro-power) was reviewed. Several solar firms were vetted for experience, recommendations, technical expertise, financial backing and experience with public agencies. Issued invitation to participate to 80 individual solar companies and advertised on three public bid sites – 17 responses received. An initial screening and then an evaluation by two independent reviewers reduced the list to top three who were then interviewed. SolarCity and NLine Energy were selected as the solar and small hydro power preferred providers and approved by the ACWA Board on May 18, 2012. SolarCity will provide small to large-scale photovoltaic projects with custom application of the panels (on top of basins, tanks and reservoirs) and provide financing. NLine Energy will provide PRV replacement with in-conduit generators inclusive of engineering, permitting and licensing, project management and maintenance. ACWA has negotiated a guaranteed lowest price agreement to ensure that best pricing is obtained and will also serve as member advocate for disputes and negotiations with either company.

#### Subject: Untapped Hydro Resources in California's Existing Water Infrastructure

The benefits of small hydro projects were reviewed (reduced carbon emissions, new long term energy source for districts). There is new interest in small hydro projects because: 1) new technologies have been developed for in-conduit (pipeline) technologies; 2) supportive California state policies and

3) the Federal Energy Regulatory Commission is going to eliminate their jurisdiction over small hydro projects thus reducing equipment and permitting costs substantially. Low head turbines and new very-low head turbines were reviewed along with several case studies.

Subject: Public Sector Employment Law Update

Legislative and Court decisions affecting employment law over the past year were reviewed including: 1) Pakistani employee who was harassed by Indian co-workers could pursue hostile work environment claim; 2) Disabled nurse's termination wasn't unlawful because regular job attendance was an essential job function; 3) new state laws establish gender identify, gender expression and genetic information as protected classifications; 4) employers are prohibited from requiring an employee or applicant to disclose personal social media information; 5) Current and former employees and their representatives are entitled to inspect, and receive a copy of, their personnel files; 6) employers may not maintain a policy restricting or prohibiting employee free speech regarding wages, hours or other terms and conditions of employment; 7) Non-employee union representatives have the right to access public and non-public areas in order to visit union bulletin boards and areas where employees congregate; 8) City could prohibit disruptive, but not insolent, behavior at council meetings.

Subject: Election Summary

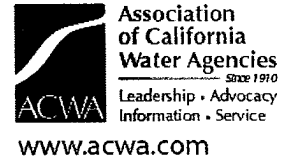
The national, state and some local election results were reported: 1) National – no change in power in the U.S. Senate (53 Democrats/45 Republicans/2 Independents); Harry Reid is Majority Leader/Mitch McConnell is Minority Leader; Barbara Boxer and Dianne Feinstein remain California's senators – Boxer is Chair of the Environmental and Public Works Committee and Feinstein is Chair of the Energy and Water Appropriations Committee. In the House of Representatives: 234 Republicans/201 Democrats – Leadership stays the same: John Boehner Speaker, Eric Cantor, Majority Leader; Kevin McCarthy, Majority Whip. Minority Leadership: Nancy Pelosi, Minority Leader; Steny Hoyer, Whip, James Clayburn, Assistant Leader, John Larson, Caucus Chair. 113<sup>th</sup> Congress water priorities have changed from 112<sup>th</sup> Congress – new priorities include: Fiscal Cliff and Grand Bargain, Public Infrastructure Resiliency; Endangered Species Act Modernization; Cyber Security; Cuts to State Revolving Funds. Expect a 2<sup>nd</sup> Term regulatory avalanche including increasing regulations, expansion of the Clean Water Act, testing for pharmaceuticals in the water supply. There will be less federal money, some governmental reorganization and streamlining; pressure to fund projects with local dollars, tax reform that may have municipal financing impacts and imposition of a carbon tax.

With regards to the State, the Democrats won a supermajority (2/3) in both legislative houses; term limits were altered to decrease the total number of years a politician can service in the Legislature to 12 years, but the number of years that a legislator may serve in one house was increased from the current 3-two-year terms in the Assembly and 2-four-year terms in the Senate to 12 years in the State Assembly or State Senate. Increases to state income tax will take effect for seven years retroactive to January 2012, increasing top step from 9.3% to 13.3% and sales tax from 7.25% to 7.5%. The presenter concluded with the recommendation that agencies should develop relationships with new and locally-elected legislators.

**RECOMMENDATION**

No action is necessary; this is for information only.

# ACWA Membership BENEFITS



## Advocacy to Support Solutions

As the largest coalition of local public water agencies in the state, ACWA works hard to assist its members with the critical job of providing safe, reliable water to Californians. From advocacy to information to education on new trends, ACWA members have powerful resources to help them meet challenges at the local level.

Here are a few highlights of the services ACWA provided to Region 10 this year:

### *State Legislation*

- **Colorado River Board** – ACWA sent a letter to the Legislature’s Budget policy Subcommittees opposing the elimination and transfer of responsibilities from the Colorado River Board to the state’s Natural Resources Agency and lobbied against the proposal. Our local member agencies by themselves fund the annual \$1.6 million needed to operate the CRB, no state general funds are spent on the board. Both Budget subcommittees voted to deny this proposal.
- **Colorado River Basin Regional Water Quality Control Board Consolidation** – When a proposal was on the table to consolidate districts in a one-size fits all approach, ACWA communicated its opposed position through letters to both the Senate and Assembly Budget Subcommittees. Both of the Budget Subcommittees voted to deny this proposal.
- **Redevelopment** – As part of the redevelopment agency elimination package deal struck in 2011, local government planned for the continuation of “pass-through” payments from redevelopment agencies. ACWA sent two alerts to its members to oppose the action. The final budget trailer bill, AB 1484, does not contain previously-proposed language that would have removed the commitment to agencies that have negotiated pass-through payments, totally approximately \$250 million per year.
- **Metal Theft** – ACWA worked to secure passage of legislation this year to clamp down on metal theft, a growing problem that has cost water agencies millions of dollars and created public health and safety hazards.
- **Fish & Game Enforcement** – ACWA opposed a bill, and joined a large coalition of affected stakeholders, that would have incentivized the Department of Fish & Game to administratively assess fines that would be used to augment the department’s budget. The Senate did not pass the measure.
- **Drinking Water & Wastewater Services** – ACWA opposed a bill that would have required the next update of the California Water Plan to contain information relative to the affordability of

water systems throughout California. ACWA opposed it in part on the basis that the Department of Public Health is the lead on drinking water programs and water boards are the lead on wastewater programs, and a new effort in these areas by DWR is not needed. The bill did not advance.

- **State Legislative Symposium** – Each year ACWA host a legislative symposium in Sacramento to bring state leaders front and center on important water issues.

### *Regulatory*

- **Industry Leadership** - ACWA's respected regulatory advocates have built strong relationships with the State Water Resources Control Board, Department of Public Health, and the Delta Stewardship Council.
- **Groundwater Framework** – ACWA developed a framework to describe current groundwater management efforts and identify proactive steps to advance sustainable groundwater management as part of the state's overall water management portfolio.
- **Aquifer Storage and Recovery** – ACWA worked hard to ensure adoption of Aquifer Storage and Recovery permit at the State Board – a key issue for many ACWA members.
- **Water Quality** – ACWA is actively involved in water quality issues like Chromium 6, as well as this year ACWA formed a new joint subcommittee on drinking water communications.
- **The Delta Plan** – ACWA has submitted many comment letters and has stayed very engaged in the efforts of the Delta Stewardship Council. ACWA has played a key role in the development of the Delta Plan.
- **Regulatory Summit** – ACWA hosts an annual Regulatory Summit to focus on technical issues that will assist operators with their day-to day operations.

### *Federal Affairs*

- **Financing Water Infrastructure** – ACWA's federal relations staff works hard to support funding for water infrastructure programs including EPA's State Revolving Funds, the Army Corp's Water Resources Development Act, and the Bureau of Reclamation's Title XVI, Water Recycling program.
- **Endangered Species Act** – Whether dealing with ecosystem management in the Delta or elsewhere, ACWA is working with state and federal agencies to adopt a comprehensive, ecosystem-based approach that addresses multiple species of concern and all potential significant stressors to the species and its habitat.
- **Water Quality** – ACWA supports the development of drinking water standards that are health protective. ACWA's Washington DC office works to ensure that all regulatory decisions affecting drinking water are made through the process established by the Safe Drinking Water Act.
- **DC Conference** – ACWA hosts a week-long conference each winter in Washington, DC. The DC Conference is a unique opportunity for ACWA members to meet with Members of Congress and Congressional Staff, all while discussing the latest federal issues with Washington insiders.

## ACWA/Joint Powers Insurance Authority

- **Risk Sharing Insurance Programs** – Membership in ACWA gives agencies exclusive access to huge cost savings with the ACWA/Joint Powers Insurance Authority (JPIA). These risk-sharing pools are cost-effective insurance programs that can provide phenomenal cost savings to ACWA Members.
- **JPIA's Employee Benefits Program** – JPIA offers flexible employee benefit plans, fixed rates, dedicated customer care advocates and a knowledgeable, trained staff available to assist members with cost containment, employer policies and federal health care reform and all state and federal requirements.

## Discounted Services through Preferred Provider Program

ACWA members have unique access to ACWA Preferred Providers (APP), which are a suite of services and products designed to help ACWA members save money. Products and services include savings in energy, fleet management, solar, human resources, grant writing and more.

The newest addition, **Avantpage Translation Services**, allows members to access critical assistance to comply with new state requirements for translating Tier 1 drinking water notices such as “Do Not Drink” and “Boil Water”, into languages representing a certain percentage of the population in a water system’s service area.

From new solar projects to infrastructure improvements, APP vendors offer a reduced price only offered to ACWA members and have ACWA’s stamp of approval through our strict vetting process.

## Communications & Outreach

ACWA’s award-winning Communication Programs supports and advances the association’s legislative and regulatory agendas. ACWA membership also offers access to industry leading publications like ACWA News, E-News and other publications like guidelines on Proposition 218 and Proposition 26.

Some of ACWA’s current communications programs include:

- **Value of Water** – ACWA developed a tool kit available to all ACWA members with key Value of Water messages that agencies can tailor and use in its own community to help educate the public on the costs of delivering water.
- **Rethinking California Water** – ACWA's new communications initiative at bringing fresh perspective to the current water policy debate. ACWA hopes to inject some common sense concepts and observations into the current conversation to help policy leaders think differently about how we view and solve California's water challenges.
- **ACWA's Outreach Program** is a statewide network designed to engage on key bills and initiatives. The strength behinds ACWA’s Outreach Ambassadors have played an important role

in advance ACWA's legislative and regulatory goals. All ACWA members are encouraged to take advantage of this program. Sign up today on [www.acwa.com](http://www.acwa.com) to receive online alerts and advisories!

## **Conferences & Events**

ACWA offers numerous conferences, trainings, workshops and events each year at member discounts. These include:

- **ACWA's Spring and Fall Conference**
- **Continue Legal Education**
- **Annual Washington DC Conference**
- **State Legislative Symposium**
- **Ethics Training**
- **Technical Certifications**
- **Regulatory Summit**
- **Regional Programs and Tours**