



July 15, 2015

Mr. Mike Ott  
Executive Officer  
San Diego LAFCO  
9335 Hazard Way, Suite 200  
San Diego, CA 92123

VIA EMAIL AND US MAIL

Subject: Requested Documents for Financial Analysis

Dear Mike:

Per your request, we have put together the documents that you requested in your letter of July 10, 2015. We have tried to be complete as possible but due to the abbreviated time frame there may be some gaps – please let us know and we will get the missing data (if any) to you ASAP.

We have scanned and uploaded our documents to our Dropbox site – you can access them here:

<https://www.dropbox.com/sh/yecfrkt9rmn74y6/AAAvzyHkhEApjMOAQIbC8EX7a?dl=0>

We have also copied the files to a CD and mailed them to your office.

For convenience and clarity, I took your bulleted list of items and numbered them so that we could reference them more easily. Here is our response to the items with comments added in **blue type**:

1. 2014-2015: Adopted Budget (forecast and actual). **Included as Document 1**
2. 2015-2016: Adopted Budget (forecast). **Included as Document 2**
3. 2013-2014 and 2014-2015: Staffing levels by department (budgeted and actual) including numbers and compensation of position by department (budgeted and actual). **Included as Document 3**

4. 2015-2016: Staffing levels by department, including proposed staffing levels by department. [Included as Document 4](#)
5. 2014-2015 and 2015-2016: Organization charts showing positions authorized and positions filled. [Included as Document 5](#)
6. Most recent audited financial statements and Comprehensive Annual Financial Reports (if CAFRs are completed). [Included as Document 6](#)
7. Most recent district financial reports showing District Net Position; unrestricted funds; and balance sheet (if not included in any of the above documents). [Included as Document 7](#)
8. 2015-2016 to 2020 Capital Improvement Program including current year costs and future year's costs and sources of funding. [Included as Document 8 – please note that we are in the middle of a comprehensive water and wastewater Master Plan that will be completed in a few months that will extend our capital facilities planning through 2020.](#)
9. List of approved debt including current year expense and projected expense for the term of the debt; include any multi-year contracts for services or facilities unless they have a severance clause with no damages due. [Included as Document 9](#)
10. Assumptions used in developing the 2015-16 Budget for water sales (AF or Units) and purchases (AF and amounts) including conservation targets by SWRCB. [RMWD staff have projected sales of 18,000 AF for FY16, down 10% from our sales from FY15. RMWD water sales vary greatly based on the weather so this forecast is likely to be adjusted as we move through the water year.](#)
11. Any cost of service studies completed within the past three years for water and/or sewer rates. [The District is currently working on a new Cost of Service study \(Raftelis Financial Consultants\) for our next round of Prop 218 rate increase notifications expected to take place in October of this year. The last study was done more than three years ago.](#)
12. Contract amounts entered into within the past year for professional services broken down by categories, such as legal, engineering or public affairs, etc.

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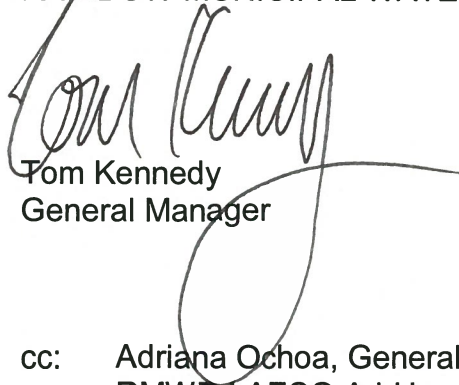
Included as Document 12.

13. A list of any known pending legal claims or judgments and estimated financial responsibility of the district. **There is only one pending legal claim against the District for a personal injury with an estimated potential liability of \$55K.**
14. Notices of violation from the RWQCB or Department of Public Health for water or sewer systems in the past three years. If notices have been received, provide an explanation. **RMWD has had no notices of violation from either agency.**
15. Provide a copy of the salary survey and associated supporting documents that Fallbrook PUD conducted in 2015. **N/A – this does not apply to RMWD.**

If we have missed any information requested, please let me know and we will get that to you. Thank you for the opportunity to participate in this financial analysis process.

Sincerely,

RAINBOW MUNICIPAL WATER DISTRICT



Tom Kennedy  
General Manager

cc: Adriana Ochoa, General Counsel  
RMWD LAFCO Ad-Hoc Committee