

Board of Directors
San Gabriel Valley Municipal Water District
Azusa, California

We have audited the financial statements of the San Gabriel Valley Municipal Water District (the District) as of and for the year ended June 30, 2018, and have issued our report thereon dated November 6, 2018. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Accounting policies

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

As discussed in Note 8 to the financial statements, in 2017-18 the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of this implementation, the beginning net position of the financial statements has been decreased \$4,200,487 to recognize the beginning balance of the net OPEB liability of \$5,519,073 and deferred outflows of resources of \$188,572. Our opinion was not modified with respect to this matter.

Other than as described above, no other new accounting policies were adopted and the application of existing policies was not changed during 2017-18.

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

Accounting estimates

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

- Management's estimate of the useful lives of its capital assets and the related period of depreciation which is based on historic knowledge of the assets and the frequency with which capital assets must be replaced; and
- Management's estimate of pension liabilities and postemployment benefits based upon actuarial assumptions.

We evaluated the key factors and assumptions used to develop the sensitive accounting estimates described above in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

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

Difficulties Encountered in Performing the Audit

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

Uncorrected Misstatements

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

Corrected Misstatements

The attached schedule summarizes all misstatements (material and immaterial) detected as a result of audit procedures that were corrected by management.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 6, 2018.

Management Consultations with Other Independent Accountants

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

Significant Issues Discussed With Management Prior To Engagement

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

Other Information in Documents Containing Audited Financial Statements

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

With respect to the supplementary information accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated November 6, 2018.

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP
Glendora, California
November 6, 2018

Corrected Adjusting Journal Entries
 6/30/2018

<u>Description</u>	<u>Debit</u>	<u>Credit</u>	<u>Inc (Dec) Net Position</u>
AJE #1			
To correct beginning net position for inventory entry recorded into fiscal year 16/17 that should have been recorded in 17/18			
Net Position	\$	\$ 95,447	\$ 95,447
Water Inventory	95,447		
Water Inventory		95,447	
SWP Transportation Costs	95,447		
AJE #2			
To record 2016 audit adjustment that were not recorded in 2017 or 2018			
Accum Depr - Furn and Fixtures	3,796		
Accum Depreciation - Pipeline		90,321	
Accrued Liabilities	5,181	-	
Net Position	81,344		(81,344)
	<u>\$ 281,215</u>	<u>\$ 281,215</u>	<u>\$ 14,103</u>

**SAN GABRIEL VALLEY MUNICIPAL
WATER DISTRICT**

REPORT ON AUDIT OF FINANCIAL STATEMENTS

June 30, 2019 and 2018

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

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June 30, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

Board of Directors
San Gabriel Valley Municipal Water District
Azusa, California

Report on the Financial Statements

We have audited the accompanying financial statements of the San Gabriel Valley Municipal Water District ("the District") as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

INDEPENDENT AUDITORS' REPORT

Board of Directors
San Gabriel Valley Municipal Water District

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2019 and 2018, and the respective changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages v through ix and the required supplementary information on pages 35 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the District's basic financial statements. The introductory section and accompanying supplementary information, such as schedule of operating expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other

INDEPENDENT AUDITORS' REPORT

Board of Directors
San Gabriel Valley Municipal Water District

additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects in relation to the financial statements 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP
Glendora, California
November 4, 2019

INTRODUCTORY SECTION

Board of Directors
San Gabriel Valley Municipal Water District
Azusa, California

Introduction

It is our pleasure to submit the Annual Financial Report for the San Gabriel Valley Municipal Water District for the fiscal years ended June 30, 2019 and 2018, following guidelines set forth by the Governmental Accounting Standards Board. District staff prepared this financial report. The District is ultimately responsible for both the accuracy of the data and the completeness and the fairness of presentation, including all disclosures in this financial report. We believe that the data presented is accurate in all material respects. This report is designed in a manner that we believe is necessary 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 offers general information about the District's organization and current District activities, reports on a summary of significant financial results and includes the Management's Discussion and Analysis of the District's basic financial statements. The Independent Auditor Report precedes the Introductory Section. The Financial Section includes the District's audited basic financial statements with accompanying notes.

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

District Structure and Leadership

The San Gabriel Valley Municipal Water District was organized in 1959. Included in the District are the cities of Alhambra, Azusa, Monterey Park, and Sierra Madre. The District imports state water through its pipeline which was completed in 1975. The pipeline originates at the State Water Project located at Devil Canyon, County of San Bernardino, and terminates in the San Gabriel Canyon Spreading Grounds. The District maintains the pipeline and also generates electricity, which is sold to the City of Azusa at its San Dimas electrical generating plant.

The imported water is spread in the Main San Gabriel Basin. The Main San Gabriel Basin Watermaster requires replacement water be spread in the Main San Gabriel Basin. The replacement water spread in the Main San Gabriel Basin is to replace water pumped by the four above mentioned cities in excess of their pumping rights. In addition, the District has an obligation under the Long Beach Judgment to ensure there is adequate water flowing through the Whittier Narrows into the Central Basin. This is a requirement of the San Gabriel River Watermaster.

The District is governed by a five-member Board of Directors representing five divisions. The General Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board of Directors.

The District employs seven employees. The District's Board of Directors meets each month. Meetings are publicly noticed and citizens are encouraged to attend.

District Services

The District's customer is the Main San Gabriel Basin Watermaster acting on behalf of the cities of Alhambra, Azusa, Monterey Park, and Sierra Madre which consume 100% of the water annually delivered by the District. The District has a contract with the State of California Department of Water Resources for up to 28,800 acre feet of water delivered annually from the State Water Project.

Economic Condition and Outlook

The District's offices are located in the City of Azusa in the County of Los Angeles. Development potential is limited due to lack of available land. The region's economy has experienced improvement, tempered by the slow recovery in labor market.

Internal Control Structure

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in conformity with US GAAP. 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 Board of Directors annually adopts an operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise operations and capital projects. The budget and reporting treatment applied to the District is consistent with the accrual basis of accounting and the financial statement basis.

Investment Policy

The Board of Directors has adopted an investment policy that conforms to state law, District ordinance and resolutions, prudent money management, and the "prudent person" standards. The objective of the Investment Policy is safety, liquidity and yield in that order. District funds are invested in the State Treasurer's Local Agency Investment Fund and institutional savings and checking accounts.

Water Rates and District Revenues

District policy direction ensures that all revenues from water sales, property taxes, interest from investments, and hydro-electric sales must support all District operations including capital project funding. Accordingly, tax rates, water rates, and the investment policy are reviewed on an annual basis.

Audit and Financial Reporting

State law requires the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of CliftonLarsonAllen LLP has conducted the fiscal year 2019 audit of the District's financial statements. Their unmodified Independent Auditors' Report precedes the Introductory Section.

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.

Acknowledgements

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to the District. We would also like to thank the members of the Board of Directors for their continued support in planning and implementation of the San Gabriel Valley Municipal Water District's fiscal policies.



Darin Kasamoto
General Manager

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2019 and 2018

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the San Gabriel Valley Municipal Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2019 and 2018. Readers should consider the information presented here in conjunction with the transmittal letter and with the basic financial statements and related notes, which follow this section.

Financial Highlights

- The District's net position increased 17.91% or \$5,195,443 in 2019 as a result of operations. In 2018, net position decreased 7.57% or \$2,376,416 to \$29,002,028 as the result of operations and the implementation of GASB No. 75, which resulted in a restatement of net position due to the effect of a change in accounting principle.
- The District's operating revenue increased 211.01% or \$3,633,458, in fiscal year 2019, primarily due to a \$3,646,504 increase in water sales. In 2018, operating revenue decreased 48.26% or \$1,606,049, primarily due to a \$1,567,403 decrease in water sales compared to 2017.
- The District's operating expenses increased 12.74% or \$1,459,980 in 2019, primarily due to a \$1,452,825 increase in State Water Project expenses. In 2018, operating expenses decreased 13.68% or \$1,816,595, primarily due to a \$1,649,944 decrease in State Water Project expenses compared to 2017.

Required Financial Statements

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

The Statement of Net Position includes all of the District's investments in resources (assets and deferred outflows) and obligations (liabilities and deferred inflows). 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 revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. 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 profitability 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,

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2019 and 2018

investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the District

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District finances in the current year.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's net position and changes in it. The District's net position – the difference between assets and deferred outflows less liabilities and deferred inflows – is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. Readers should consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation, such as changes in Federal and State water quality standards.

Notes to the 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 financial statements can be found beginning on page 7.

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019 and 2018**

Condensed Statement of Net Position

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>2017</u>	<u>Change</u>
Assets:					
Current and other assets	\$ 21,497,045	\$ 16,020,988	\$ 5,476,057	\$ 12,489,563	\$ 3,531,425
Non-current assets	7,292,859	6,730,444	562,415	8,262,731	(1,532,287)
Capital Assets	<u>14,566,036</u>	<u>14,941,491</u>	<u>(375,455)</u>	<u>14,765,371</u>	<u>176,120</u>
Total Assets	<u>43,355,940</u>	<u>37,692,923</u>	<u>5,663,017</u>	<u>35,517,665</u>	<u>2,175,258</u>
Deferred Outflows of Resources:					
Deferred amount pension obligation	642,029	728,655	(86,626)	451,380	277,275
Deferred amount other post-employment benefits	<u>196,533</u>	<u>194,657</u>	<u>1,876</u>	<u>-</u>	<u>194,657</u>
Total Deferred Outflows	<u>838,562</u>	<u>923,312</u>	<u>(84,750)</u>	<u>451,380</u>	<u>471,932</u>
Liabilities:					
Current liabilities	1,494,828	1,130,040	364,788	1,133,952	(3,912)
Non-current liabilities	<u>8,106,890</u>	<u>8,098,675</u>	<u>8,215</u>	<u>3,133,615</u>	<u>4,965,060</u>
Total Liabilities	<u>9,601,718</u>	<u>9,228,715</u>	<u>373,003</u>	<u>4,267,567</u>	<u>4,961,148</u>
Deferred Inflows of Resources:					
Deferred amount pension obligation	298,019	385,492	(87,473)	323,034	62,458
Deferred amount other post-employment benefits	<u>97,294</u>	<u>-</u>	<u>97,294</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows	<u>395,313</u>	<u>385,492</u>	<u>9,821</u>	<u>323,034</u>	<u>62,458</u>
Net Position:					
Net investment in capital assets	14,566,036	14,941,491	(375,455)	14,765,371	176,120
Unrestricted	<u>19,631,435</u>	<u>14,060,537</u>	<u>5,570,898</u>	<u>16,613,073</u>	<u>(2,552,536)</u>
Total Net Position	<u>\$ 34,197,471</u>	<u>\$ 29,002,028</u>	<u>\$ 5,195,443</u>	<u>\$ 31,378,444</u>	<u>\$ (2,376,416)</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of the District exceeded liabilities and deferred outflows by \$34,197,471 and \$29,002,028 as of June 30, 2019 and 2018, respectively. Assets and deferred outflows of the District exceeded liabilities and deferred outflows by \$31,378,444 as of June 30, 2017.

A large portion of the District's net position, 42.6%, 51.5%, and 47.1% as of June 30, 2019, 2018, and 2017, respectively, reflects the District 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.

As the end of fiscal years 2019, 2018, and 2017, the District showed a positive balance in its unrestricted net assets of \$19,631,435, \$14,060,537, and \$16,613,073, respectively. See note 9 for the amount of unrestricted net position that may be utilized in future years.

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019 and 2018**

Condensed Statement of Revenues, Expenses and Changes in Net Position

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>2017</u>	<u>Change</u>
Revenues					
Operating revenues	\$ 5,355,427	\$ 1,721,969	\$ 3,633,458	\$ 3,328,018	\$ (1,606,049)
Non-operating revenues	13,340,562	12,359,861	980,701	9,651,547	2,708,314
Total Revenues	<u>18,695,989</u>	<u>14,081,830</u>	<u>4,614,159</u>	<u>12,979,565</u>	<u>1,102,265</u>
Expenditures					
Operating expenses	12,919,945	11,459,965	1,459,980	13,276,560	(1,816,595)
Depreciation expense	485,245	582,220	(96,975)	565,765	16,455
Non-operating expense	107,236	227,454	(120,218)	350,722	(123,268)
Total Expenditures	<u>13,512,426</u>	<u>12,269,639</u>	<u>1,242,787</u>	<u>14,193,047</u>	<u>(1,923,408)</u>
Net loss before capital contributions	5,183,563	1,812,191	3,371,372	(1,213,482)	3,025,673
Capital contributions	<u>11,880</u>	<u>11,880</u>	<u>-</u>	<u>12,870</u>	<u>(990)</u>
Change in net position	5,195,443	1,824,071	3,371,372	(1,200,612)	3,024,683
Cumulative effect of change in accounting principle	-	(4,200,487)	4,200,487	-	(4,200,487)
Change in net position	5,195,443	(2,376,416)	7,571,859	(1,200,612)	(1,175,804)
Beginning Net Position, as Previously Reported	<u>29,002,028</u>	<u>31,378,444</u>	<u>(2,376,416)</u>	<u>32,579,056</u>	<u>(1,200,612)</u>
Ending Net Position	<u>\$ 34,197,471</u>	<u>\$ 29,002,028</u>	<u>\$ 5,195,443</u>	<u>\$ 31,378,444</u>	<u>\$ (2,376,416)</u>

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years. In the case of the District, net position increased by \$5,195,443 for the fiscal year ended June 30, 2019 and decreased by \$2,376,416 for the fiscal year ended June 30, 2018.

In 2019, the District's net position increased 17.91% or \$5,195,443 as a result of operations compared to 2018. In 2018, net position decreased 7.57% or \$2,376,416 to \$29,002,028 as a result of operations and the implementation of GASB No. 75, which resulted in a restatement of net position due to the effect of a change in accounting principle compared to 2017.

The District's operating revenue increased 211.01% or \$3,633,458, in fiscal year 2019, primarily due to a \$3,646,504 increase in water sales compared to 2018. In 2018, operating revenue decreased 48.26% or \$1,606,049, primarily due to a \$1,567,403 decrease in water sales compared to 2017.

The District's operating expenses increased 12.74% or \$1,459,980 in 2019, primarily due to a \$1,452,825 increase in State Water Project expenses compared to 2018. In 2018, operating expenses decreased 13.68% or \$1,816,595, primarily due to a \$1,649,944 decrease in State Water Project expenses compared to 2017.

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2019 and 2018

Capital Asset Administration

At the end of fiscal year 2019 and 2018, the District's investment in capital assets amounted to \$14,566,491, and \$14,941,491 (net of accumulated depreciation), respectively. This investment in capital assets includes land, pipelines and structures, equipment, vehicles and construction-in-process, etc. Major capital assets additions during the year included upgrades to the pipeline.

	Balance at June 30, 2018	Additions	Deletions/ Transfers	Balance at June 30, 2019
Capital assets:				
Non-depreciable assets	\$ 1,636,003	\$ 51,237	\$ (526)	\$ 1,686,714
Depreciable assets	35,757,665	59,079	-	35,816,744
Accumulated depreciation and amortization	(22,452,177)	(485,245)	-	(22,937,422)
Total capital assets, net	<u>\$ 14,941,491</u>	<u>\$ (374,929)</u>	<u>\$ (526)</u>	<u>\$ 14,566,036</u>

	Balance at June 30, 2017	Additions	Deletions	Balance at June 30, 2018
Capital assets:				
Non-depreciable assets	\$ 944,444	\$ 691,559	\$ -	\$ 1,636,003
Depreciable assets	35,690,884	66,781	-	35,757,665
Accumulated depreciation and amortization	(21,869,957)	(582,220)	-	(22,452,177)
Total capital assets, net	<u>\$ 14,765,371</u>	<u>\$ 176,120</u>	<u>\$ -</u>	<u>\$ 14,941,491</u>

Conditions Affecting Current Financial Position

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

Requests for Information

This financial report is designed to provide an overview of the District's financial operations and condition. Should the reader have questions regarding the information included in this report or wish to request additional information, please contact the District's General Manager at 1402 N. Vosburg Drive, PO Box 1299, Azusa, California 91702.

FINANCIAL SECTION

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

STATEMENTS OF NET POSITION

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 15,691,998	\$ 7,667,963
Investments	3,041,080	3,787,191
Accrued interest receivable	85,518	27,968
Accounts receivable	115,938	500,943
Property taxes receivable	235,305	819,470
Lease payments receivable - current portion	200,000	200,000
Advances to member cities - current portion	-	195,781
Water-in-storage inventory	2,012,223	2,654,051
Prepaid expenses and other deposits	<u>114,983</u>	<u>167,621</u>
Total current assets	<u>21,497,045</u>	<u>16,020,988</u>
 NON-CURRENT ASSETS		
Investments	7,013,625	6,119,570
Lease payments receivable, net	-	190,000
Advances to other governments, net	279,234	420,874
Capital assets, not being depreciated	1,686,714	1,636,003
Depreciable capital assets	<u>12,879,322</u>	<u>13,305,488</u>
Total non-current assets	<u>21,858,895</u>	<u>21,671,935</u>
Total assets	<u>43,355,940</u>	<u>37,692,923</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount pension obligation	642,029	728,655
Deferred amount other post-employment benefits	<u>196,533</u>	<u>194,657</u>
Total deferred outflows of resources	<u>838,562</u>	<u>923,312</u>

Continued on next page.

See independent auditors' report and accompanying notes to the financial statements.

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

STATEMENTS OF NET POSITION

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CURRENT LIABILITIES		
Accounts payable, accrued expenses and unearned revenue	\$ 1,373,229	\$ 1,045,143
Accrued salaries and wages	48,599	38,897
Long-term liabilities-due within one year:		
Compensated absences	<u>73,000</u>	<u>46,000</u>
Total current liabilities	<u>1,494,828</u>	<u>1,130,040</u>
 NON CURRENT LIABILITIES		
Long-term liabilities - due in more than one year:		
Compensated Absences	264,186	257,367
Other post employment benefits payable	5,713,949	5,680,248
Net pension liability	<u>2,128,755</u>	<u>2,161,060</u>
Total non current liabilities	<u>8,106,890</u>	<u>8,098,675</u>
Total liabilities	<u>9,601,718</u>	<u>9,228,715</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred amount pension obligation	298,019	385,492
Deferred amount other post-employment benefits	<u>97,294</u>	<u>-</u>
Total deferred outflows of resources	<u>395,313</u>	<u>385,492</u>
 NET POSITION		
Net investment in capital assets	14,566,036	14,941,491
Unrestricted	<u>19,631,435</u>	<u>14,060,537</u>
Total Net Position	<u>\$ 34,197,471</u>	<u>\$ 29,002,028</u>

See independent auditors' report and accompanying notes to the financial statements.

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Years Ended June 30, 2019 and 2018

	2019	2018
OPERATING REVENUES		
Water sales	\$ 5,305,146	\$ 1,658,642
Hydroelectric sales	34,510	45,323
Other services	15,771	18,004
Total Operating Revenues	5,355,427	1,721,969
OPERATING EXPENDITURES		
Source of supply-water deliveries	10,014,234	8,561,409
General and administrative expenses	2,905,711	2,898,556
Total operating expenses	12,919,945	11,459,965
Operating loss before depreciation	(7,564,518)	(9,737,996)
Depreciation expense	(485,245)	(582,220)
Operating loss	(8,049,763)	(10,320,216)
NON OPERATING REVENUES (EXPENSES):		
Property taxes-ad valorem	4,679,125	4,656,772
Property taxes-voter approved	8,056,148	7,291,015
Interest and investment earnings	464,674	247,311
Grant revenue	-	164,763
Grant funding to other agencies	(30,654)	(44,267)
Property tax collection and administrative expense	(76,582)	(70,458)
Other non operating income (loss)	140,615	(112,729)
Total non operating income, net	13,233,326	12,132,407
Net income before capital contributions	5,183,563	1,812,191
CAPITAL CONTRIBUTIONS		
Reimbursement of capital expenditures	11,880	11,880
Total capital contributions	11,880	11,880
Changes in net position	5,195,443	1,824,071
Total net position, beginning (as previously reported)	29,002,028	31,378,444
Cumulative effect of change in accounting principle	-	(4,200,487)
Total Net Position, ending	\$ 34,197,471	\$ 29,002,028

See independent auditors' report and accompanying notes to the financial statements.

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from water sales	\$ 5,705,922	\$ 2,057,142
Cash receipts from hydroelectric sales	34,510	45,323
Cash paid to employees	(783,448)	(565,502)
Cash paid to vendors and suppliers for services and materials	<u>(10,974,457)</u>	<u>(11,966,609)</u>
Net cash used by operating activities	<u>(6,017,473)</u>	<u>(10,429,646)</u>
CASH FLOWS FROM NON CAPITAL AND FINANCING ACTIVITIES		
Proceeds from property taxes	13,242,856	11,671,669
Other non-operating loss	<u>(526)</u>	<u>(385)</u>
Net cash provided by non-capital financing activities	<u>13,242,330</u>	<u>11,671,284</u>
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(109,790)	(758,340)
Grant funding to other agencies net of grants received	(30,654)	120,496
Proceeds from capital contributions	11,880	11,880
Proceeds from lease financing to other governments	200,000	200,000
Proceeds from advances to other governments	<u>352,899</u>	<u>511,469</u>
Net cash provided by capital and financing activities	<u>424,335</u>	<u>85,505</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(4,046,803)	(3,326,847)
Proceeds from sale of investments	4,040,000	3,080,000
Interest earnings	381,646	204,701
Realized gain on investments	<u>-</u>	<u>1,660</u>
Net cash provided (used) by investing activities	<u>374,843</u>	<u>(40,486)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,024,035	1,286,657
Cash and Cash Equivalents - Beginning of Year	<u>7,667,963</u>	<u>6,381,306</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 15,691,998</u>	<u>\$ 7,667,963</u>

Continued on next page.

See independent auditors' report and accompanying notes to the financial statements.

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended June 30, 2019 and 2018**

**RECONCILIATION OF NET OPERATING LOSS TO NET
CASH USED BY OPERATING ACTIVITIES**

	<u>2019</u>	<u>2018</u>
Net operating loss	\$ (8,049,763)	\$ (10,320,216)
Adjustments to reconcile operating loss:		
Depreciation	485,245	582,220
Adjustments to reconcile change in net assets to net cash		
Provided by operating activities:		
(Increase) Decrease in assets:		
Accounts receivable	385,005	380,496
Water-in-storage inventory	641,828	(1,367,413)
Prepaid expenses and other deposits	52,638	(55,920)
Deferred outflows of resources - pension and OPEB	84,750	(471,932)
Increase (Decrease) in liabilities:		
Accounts payable and accrued expenses	328,086	6,465
Accrued salaries and wages	9,702	3,623
Compensated absences	33,819	58,817
Other post employment benefits payable	33,701	349,747
Pension liability	(32,305)	342,009
Deferred inflows of resources - pension and OPEB	9,821	62,458
Total adjustments	<u>2,032,290</u>	<u>(109,430)</u>
Net cash used by operating activities	<u>\$ (6,017,473)</u>	<u>\$ (10,429,646)</u>

See independent auditors' report and accompanying notes to the financial statements.

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the fiscal years ended June 30, 2019 and 2018

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations of the Reporting Entity

The San Gabriel Valley Municipal Water District was organized in 1959. Included in the District are the cities of Alhambra, Azusa, Monterey Park and Sierra Madre. The District imports state water through its pipeline which was completed in 1975. The pipeline originates at the State Water Project located at Devil Canyon, County of San Bernardino, and terminates in the San Gabriel Canyon Spreading Grounds. The District maintains the pipeline and also generates electricity, which is sold to the City of Azusa at its San Dimas electrical generating plant.

The imported water is spread in the Main San Gabriel Basin and the Central Basin. The Main San Gabriel Basin Watermaster (Watermaster) requires that replacement water and cyclic storage be spread in the Main San Gabriel Basin. The water spread in the Main San Gabriel Basin is to replace water pumped by the four above mentioned cities in excess of their pumping rights. The Watermaster requires that make-up water be spread in the Central Basin to satisfy the terms of the Long Beach Judgment.

The District is governed by a five-member Board of Directors representing five divisions. The General Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board of Directors. The District employs seven employees. The District's Board of Directors meets each month. Meetings are publicly noticed and citizens are encouraged to attend.

Accounting Policies

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (US GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certificated Public Accountants.

Basis of Accounting

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 service areas on a continuing basis be financed or recovered primarily through user charges (water sales), capital grants and similar funding. 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, such as water sales and water deliveries result from exchange transaction associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the fiscal years ended June 30, 2019 and 2018

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

and depreciation expenses are also considered operating expenses. Other revenues and expense not included in the above categories are reported as non-operating revenues and expenses.

Basis of Preparation

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP), as applied to enterprise funds. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's proprietary fund.

Use of Estimates

The preparation of the basic financial statements in conformity with US GAAP 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 could differ from those estimates.

Cash and Cash Equivalents

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

Investments and Investment Policy

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.

Receivables

For customer accounts receivables, the District considers these receivables to be fully collectable and accordingly, no allowance for doubtful accounts has been provided. For tax revenue receivables, when the management deems a tax receivable amount is uncollectable, the District uses the direct write off method for recording the bad debt. In 2019, the District wrote off \$286,537 of old receivable related to property tax revenues in prior year. The District believes the bad debt recorded under this method approximates the amount that would be recorded if the District used the allowance method.

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2019 and 2018**

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Property Taxes and Assessments

The County of Los Angeles Assessor's Office assesses all real and personal property within the County each year. The County of Los Angeles Tax Collector's Office bills and collects the District's share of property taxes and assessments. The County of Los Angeles 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 countrywide assessed valuations.

Property taxes receivable at year-end are related to property taxes collected by the County of Los Angeles, which have not been credited to the District's cash balance 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

Inventory

Water held in inventory is valued at cost using the first-in first-out method. The District holds minor supplies inventory for emergency repairs which is expensed as incurred.

Prepaid Expenses

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

Capital Assets

Capital assets acquired and/or constructed are capitalized at historical costs. District policy has set the capitalization threshold for recording capital assets at \$1,000. Donated assets are recorded at acquisition value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are also expensed in the current period.

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2019 and 2018**

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Depreciation

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as shown herein.

<u>Description</u>	<u>Estimated Lives</u>
Pipeline	7 to 75 years
Telemetry Equipment	10 years
Building and Structures	7 to 30 years
Office Furniture and Equipment	5 to 15 years
Vehicles and Equipment	5 to 10 years
State Water Project	60 years

Deferred Outflows of Resources

Pension Plan

Deferred outflows of resources represent a consumption of net position that applies to a future period and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources related to the net pension obligation resulted from District contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans, the difference between actual and expected experience, and the difference between the estimated and actual return on pension plan investments as well as difference in proportion and the District's proportionate share of contributions. The deferred outflows related to the net pension obligation will be deferred and amortized as detailed in Note 8.

Other Postemployment Benefits Other than Pensions (OPEB)

The District also recorded deferred outflows of resources related to its (OPEB) obligation that resulted from District contributions to the plan subsequent to the measurement date of the actuarial valuations for the healthcare plan as described in Note 7.

Compensated Absences

The District's policy is to permit employees to accumulate earned but unused vacation and sick time pay benefits. All vacation and sick time is accrued when incurred. Upon termination of employment, employees are paid all unused vacation and qualifying unused sick time up to a maximum of 960 hours.

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the fiscal years ended June 30, 2019 and 2018

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Net Pension Obligation

For purposes of measuring the net pension obligation and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California Public Employees' Retirement System (CalPERS) plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Postemployment Benefits Other than Pensions (OPEB)

The District administers an Agent Multiple-Employer defined benefit postemployment healthcare plan. During 2018, the District adopted new accounting guidance GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions* (GASB No. 75). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense information about the fiduciary net position of the District Retiree Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. In 2018, the beginning net position of the financial statement has been decreased \$4,200,487 to recognize the beginning balance of the net OPEB liability of \$5,519,073 resulting from the implementation of GASB Statement No. 75.

Deferred Inflows of Resources

The statement of net position will sometimes report a separate section for deferred inflows of resources. This financial statement element represents an acquisition of resources applicable to future periods and therefore will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources related pension obligation result from the change in actuary assumptions, changes in proportion, the difference between the estimated and actual return on pension plan investments, and the difference between expected and actual experience. These amounts are deferred and amortized as detailed in Note 8.

The deferred inflows of resources related to OPEB result from the differences between the expected and actual plan experience as described in Note 7.

Water Sales

Water sales are billed when the Watermaster places an order for replacement water.

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the fiscal years ended June 30, 2019 and 2018

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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.

Net Position

The District follows the financial reporting requirements of the GASB and reports net position under the following classifications:

Net Investment in Capital Assets – Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding balances of any debt, or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Restricted consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulation of other governments or constraints imposed by law through enabling legislation. As of June 30, 2019 and 2018, the District does not have a restricted net position.

Unrestricted – Unrestricted consists of any remaining balance of the District’s net position that do not meet the definition of “restricted” or “net investment in capital assets”.

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 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.

New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 84

In January 2017, the GASB issued Statement No. 84 *Fiduciary Activities*. The objective of the statement is to improve guidance regarding the recognition of fiduciary activities for accounting and financial reporting purposes by establishing criteria for identifying fiduciary activities of all state and local governments. The statement is effective for the fiscal year 2019-20.

Governmental Accounting Standards Board Statement No. 87

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2019 and 2018**

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

In June 2017, the GASB issued Statement No. 86 *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The statement is effective for the fiscal year 2020-21.

Governmental Accounting Standards Board Statement No. 89

In June 2018, the GASB issued Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The statement is effective for the fiscal year 2020-21.

Governmental Accounting Standards Board Statement No. 90

In August 2018, the GASB issued Statement No. 90 *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. The statement modifies previous guidance for reporting a majority equity interest in a legally separate organization and provides guidance for reporting a component unit if 100 percent equity interest is acquired in that component unit. The statement is effective for the fiscal year 2019-20.

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30 are classified in the accompanying financial statements as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$15,691,998	\$ 7,667,963
Certificate-of-deposit (current)	3,041,080	3,787,191
Certificate-of-deposit (non-current)	7,013,625	6,119,570
Total cash and investments	<u>\$25,746,703</u>	<u>\$ 17,574,724</u>

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2019 and 2018**

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30 consist of the following:

	<u>2019</u>	<u>2018</u>
Cash on hand	\$ 300	\$ 300
Deposits held with financial institutions	1,628,198	1,488,590
Investments	<u>24,118,205</u>	<u>16,085,834</u>
Total cash and investments	<u>\$25,746,703</u>	<u>\$ 17,574,724</u>

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

The table shown herein identifies the investment types that are authorized by the District in accordance with the California Government Code for the District's investment policy, (where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate, credit risk, and concentration of credit risk.

<u>Authorized Maximum Investment type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S Treasury Obligations	5 years	None	N/A
U.S Agency Securities	5 years	None	None
Mutual funds	N/A	15%	None
Municipal Bonds	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	5 years	15%	*
Negotiable Certificates of Deposit	5 years	30%	\$100,000
Repurchase Agreements	1 Year	None	None
Medium-Term Corporate notes	5 years	30%	None
California Local Agency Investments Fund (LAIF)	N/A	None	N/A
Collateralized Bank Deposits	5 years	25%	None
Investment Trust of California (CalTRUST)	N/A	15%	N/A

*10% of outstanding paper of an issuing corporation

Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the fiscal years ended June 30, 2019 and 2018

NOTE 2: CASH AND INVESTMENTS

inputs. Investments categorized as Level 1 are valued based on prices quoted in active markets for those securities.

The District's investments are not subject to categorization of fair value measurements using the fair value hierarchy as described above as of June 30, 2019 or 2018, respectively.

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 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, 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 government 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. Of the bank balances, up to \$250,000 as of June 30, 2019 and 2018 is 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.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-leader) 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. The Code and the District's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Local Agency Investment Fund).

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 fund currently yields approximately 2.266% interest quarterly. LAIF is currently unrated and has an average life of 173 days. The balance available for withdrawal is

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2019 and 2018**

NOTE 2: CASH AND INVESTMENTS

based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not subject to categorization to indicate the level of custodial credit risk assumed by the District at yearend.

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 cash flow requirements 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 table that shows the distribution of the District's investments by maturity date.

Maturities of investments at June 30, 2019 consisted of the amounts shown herein.

Investment Type	Totals	Remaining Maturity		
		12 Months or Less	13 to 24 Months	25 to 60 Months
Local Agency Investment Fund (LAIF)	\$ 14,063,500	\$ 14,063,500	\$ -	\$ -
Certificates-of-deposit	10,054,705	3,041,080	4,329,578	2,684,047
Total	<u>\$ 24,118,205</u>	<u>\$ 17,104,580</u>	<u>\$ 4,329,578</u>	<u>\$ 2,684,047</u>

Maturities of investments at June 30, 2018 consisted of the amounts shown herein.

Investment Type	Totals	Remaining Maturity		
		12 Months or Less	13 to 24 Months	25 to 60 Months
Local Agency Investment Fund (LAIF)	\$ 6,179,073	\$ 6,179,073	\$ -	\$ -
Certificates-of-deposit	9,906,761	3,787,191	2,581,118	3,538,452
Total	<u>\$ 16,085,834</u>	<u>\$ 9,966,264</u>	<u>\$ 2,581,118</u>	<u>\$ 3,538,452</u>

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2019 and 2018**

NOTE 2: CASH AND INVESTMENTS

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 and cash equivalents as of June 30, 2019 are shown herein.

<u>Investment Type</u>	<u>Minimum Rating</u>		<u>AAA</u>	<u>Not Rated</u>
Local Agency Investment Fund (LAIF)	N/A	\$ 14,063,500	\$ -	\$ 14,063,500
Certificates-of-deposit	N/A	10,054,705	10,054,705	-
Total		<u>\$ 24,118,205</u>	<u>\$ 10,054,705</u>	<u>\$ 14,063,500</u>

Credit ratings of investments and cash equivalents as of June 30, 2018 are shown herein.

<u>Investment Type</u>	<u>Minimum Rating</u>		<u>AAA</u>	<u>Not Rated</u>
Local Agency Investment Fund (LAIF)	N/A	\$ 6,179,073	\$ -	\$ 6,179,073
Certificates-of-deposit	N/A	9,906,761	9,906,761	-
Total		<u>\$ 16,085,834</u>	<u>\$ 9,906,761</u>	<u>\$ 6,179,073</u>

Concentration of Credit Risk

The District's investment policy contains no limitations on the amounts that can be invested in any one issuer as beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than for external investment pools) that represent 5% or more of total District's investments as of June 30, 2019 and 2018.

NOTE 3: LEASE RECEIVABLE

Changes in lease receivable at June 30, 2019 are shown herein.

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Principal Payments/ Amortization</u>	<u>Balance June 30, 2019</u>
City of Monterey Park	\$ 400,000	\$ -	\$ (200,000)	\$ 200,000
Less: Unamortized discount	(10,000)	-	10,000	-
Total lease receivable	390,000	<u>\$ -</u>	<u>\$ (190,000)</u>	200,000
Less: Current portion	(200,000)			(200,000)
Long-term portion	<u>\$ 190,000</u>			<u>\$ -</u>

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2019 and 2018**

NOTE 3: LEASE RECEIVABLE

Changes in lease receivable at June 30, 2018 are shown herein.

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Principal Payments/ Amortization</u>	<u>Balance June 30, 2018</u>
City of Monterey Park	\$ 600,000	\$ -	\$ (200,000)	\$ 400,000
Less: Unamortized discount	<u>(20,000)</u>	<u>-</u>	<u>10,000</u>	<u>(10,000)</u>
Total lease receivable	580,000	<u>\$ -</u>	<u>\$ (190,000)</u>	390,000
Less: Current portion	<u>(200,000)</u>			<u>(200,000)</u>
Long-term portion	<u>\$ 380,000</u>			<u>\$ 190,000</u>

On July 31, 2008, the District and the City of Monterey Park entered into a lease agreement (with option to purchase) with regard to an air stripper treatment system. Terms of the lease call for ten annual principal payments of \$200,000, at the rate of zero percent commencing on September 9, 2010.

The District is imputing interest at the rate of 5.0% per annum. Annual lease receivable payments are shown herein.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Amortized Discount</u>	<u>Total</u>
2020	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Total	200,000	<u>\$ -</u>	<u>\$ 200,000</u>
Less: Current portion	(200,000)		
Less: Unamortized discount	<u>-</u>		
Total Non-current	<u>\$ -</u>		

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2019 and 2018**

NOTE 4: ADVANCES TO MEMBER CITIES RECEIVABLE

Changes in notes receivable at June 30, 2019 are shown herein.

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Principal Payments/ Amortization</u>	<u>Balance June 30, 2019</u>
Notes receivable				
City of Alhambra	195,781	-	(195,781)	-
Less: Unamortized discount	-	-	-	-
Total City of Alhambra	<u>195,781</u>	<u>-</u>	<u>(195,781)</u>	<u>-</u>
City of Sierra Madre	437,059	-	(145,684)	291,375
Less: Unamortized discount	(16,188)	-	4,047	(12,141)
Total City of Sierra Madre	<u>420,871</u>	<u>-</u>	<u>(141,637)</u>	<u>279,234</u>
Total notes receivable	616,652	\$ -	\$ (337,418)	279,234
Less: Current portion	(195,779)			-
Long-term portion	<u>\$ 420,873</u>			<u>\$ 279,234</u>

Changes in notes receivable at June 30, 2018 are shown herein.

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Principal Payments/ Amortization</u>	<u>Balance June 30, 2018</u>
Notes receivable				
City of Monterey Park	\$ 170,000	\$ -	\$ (170,000)	\$ -
Less: Unamortized discount	(5,311)	-	5,311	-
Total City of Monterey Park	<u>164,689</u>	<u>-</u>	<u>(164,689)</u>	<u>-</u>
City of Alhambra	391,564	-	(195,783)	195,781
Less: Unamortized discount	(6,119)	-	6,119	-
Total City of Alhambra	<u>385,445</u>	<u>-</u>	<u>(189,664)</u>	<u>195,781</u>
City of Sierra Madre	582,747		(145,688)	437,059
Less: Unamortized discount	(20,235)		4,047	(16,188)
Total City of Sierra Madre	<u>562,512</u>	<u>-</u>	<u>(141,641)</u>	<u>420,871</u>
Total notes receivable	1,112,646	\$ -	\$ (495,994)	616,652
Less: Current portion	(365,781)			(195,779)
Long-term portion	<u>\$ 746,865</u>			<u>\$ 420,873</u>

City of Monterey Park

The City of Monterey Park entered into a lease purchase agreement with the District on February

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2019 and 2018**

NOTE 5: CAPITAL ASSETS

Changes in capital assets for 2019 are shown herein.

	<u>Balance at June 30, 2018</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance at June 30, 2019</u>
Non-depreciable assets:				
Land	\$ 735,931	\$ -	\$ -	\$ 735,931
Construction in progress	900,072	51,237	(526)	950,783
Total non depreciable assets	<u>1,636,003</u>	<u>51,237</u>	<u>(526)</u>	<u>1,686,714</u>
Depreciable assets				
Pipeline	26,286,688	54,098	-	26,340,786
Telemetry equipment	850,216	-	-	850,216
Buildings and structures	2,346,232	-	-	2,346,232
Office furniture and equipment	168,610	4,981	-	173,591
Vehicles and equipment	263,364	-	-	263,364
State water project participation rights	5,784,165	-	-	5,784,165
Roof	58,390	-	-	58,390
Total depreciable assets	<u>35,757,665</u>	<u>59,079</u>	<u>-</u>	<u>35,816,744</u>
Accumulated depreciation				
Land improvements	(15,275,088)	(278,011)	-	(15,553,099)
Telemetry equipment	(347,597)	(85,022)	-	(432,619)
Buildings and structures	(2,330,018)	(9,806)	-	(2,339,824)
Office furniture and equipment	(114,542)	(9,514)	-	(124,056)
Vehicles and equipment	(239,613)	(6,488)	-	(246,101)
State water project participation rights	(4,145,319)	(96,404)	-	(4,241,723)
Total accumulated depreciation	<u>(22,452,177)</u>	<u>(485,245)</u>	<u>-</u>	<u>(22,937,422)</u>
Total depreciable assets, net	<u>13,305,488</u>	<u>(426,166)</u>	<u>-</u>	<u>12,879,322</u>
Total capital assets, net	<u>\$14,941,491</u>	<u>\$ (374,929)</u>	<u>\$ (526)</u>	<u>\$14,566,036</u>

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2019 and 2018**

NOTE 5: CAPITAL ASSETS

Changes in capital assets for 2018 are shown herein.

	Balance at June 30, 2017	Additions	Deletions	Balance at June 30, 2018
Non-depreciable assets:				
Land	\$ 735,931	\$ -	\$ -	\$ 735,931
Construction in progress	208,513	691,559	-	900,072
Total non depreciable assets	<u>944,444</u>	<u>691,559</u>	<u>-</u>	<u>1,636,003</u>
Depreciable assets				
Pipeline	26,278,297	8,391	-	26,286,688
Telemetry equipment	850,216	-	-	850,216
Buildings and structures	2,346,232	-	-	2,346,232
Office furniture and equipment	168,610	-	-	168,610
Vehicles and equipment	263,364	-	-	263,364
State water project participation rights	5,784,165	-	-	5,784,165
Roof	-	58,390	-	58,390
Total depreciable assets	<u>35,690,884</u>	<u>66,781</u>	<u>-</u>	<u>35,757,665</u>
Accumulated depreciation				
Land improvements	(14,911,910)	(363,178)	-	(15,275,088)
Telemetry equipment	(262,575)	(85,022)	-	(347,597)
Buildings and structures	(2,320,212)	(9,806)	-	(2,330,018)
Office furniture and equipment	(104,188)	(10,354)	-	(114,542)
Vehicles and equipment	(222,156)	(17,457)	-	(239,613)
State water project participation rights	(4,048,916)	(96,403)	-	(4,145,319)
Total accumulated depreciation	<u>(21,869,957)</u>	<u>(582,220)</u>	<u>-</u>	<u>(22,452,177)</u>
 Total depreciable assets, net	 <u>13,820,927</u>	 <u>(515,439)</u>	 <u>-</u>	 <u>13,305,488</u>
Total capital assets, net	<u>\$14,765,371</u>	<u>\$ 176,120</u>	<u>\$ -</u>	<u>\$14,941,491</u>

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2019 and 2018**

NOTE 6: COMPENSATED ABSENCES

The changes to compensated absences balance are shown herein.

	2019	2018
Beginning Balance	\$ 303,367	\$ 244,550
Additions	106,878	105,260
Deletions	(73,059)	(46,443)
Ending Balance	337,186	303,367
Less: Current Portion	(73,000)	(46,000)
Long Term Portion	\$ 264,186	\$ 257,367

NOTE 7: POSTEMPLOYMENT HEALTHCARE BENEFITS

The District administers an Agent Multiple-Employer defined benefit postemployment healthcare plan. Dependents are eligible to enroll and benefits continue to surviving spouses.

Plan Description and Eligibility

Retirees are eligible for medical benefits if they retire at age 55+ and have 5+ years of CalPERS service. The District pays 100% of the actual premium costs of the health insurance for retirees and dependents and also provides reimbursement for cost sharing under the plan offered by the District subject to restrictions as determined by the District.

Membership in the OPEB Plan consisted of the following members as of June 30, 2019:

<u>Participant Type:</u>	<u>Number of Participants</u>
Inactive participants currently receiving benefits	20
Inactive participants entitled to but not yet receiving benefit payments	-
Active employees	7
Total	27

Funding Policy

The District makes contributions based on projected pay-as-you-go financing requirements. As of June 30, 2019, the District has not established a plan or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the Plan and that are legally protected from creditors.

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2019 and 2018**

NOTE 7: POSTEMPLOYMENT HEALTHCARE BENEFITS

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. Since the District has not established an irrevocable trust for the pre-funding of retiree healthcare benefits, the total OPEB Liability and Net OPEB Liability are both \$5,713,949.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions shown herein, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Methods and Assumptions

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Inflation	2.75%
Salary Increases	2.50%
Discount Rate	3.62%
Health Care Trend Rate	6.5% decreasing to 3.84%

Mortality rates were based on the 2017 rates used by CalPERS tables.

The discount rate used to measure the total OPEB liability was 3.62 percent. The District's OPEB plan is an unfunded plan, therefore, the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds as of the valuation date. Since the most recent GASB 75 valuation, the following changes have been made:

- Inflation rate was changed from 2.88 percent to 2.75 percent.
- Salary increase rate was changed from 2.75 percent to 2.50 percent.
- The discount rate and expected rate of return on assets was changed from 3.50 percent to 3.62 percent.
- The initial healthcare trend rate changed from 7.00 percent to 6.50 percent

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2019 and 2018**

NOTE 7: POSTEMPLOYMENT HEALTHCARE BENEFITS

Changes in the Net OPEB Liability

	Total/ Net OPEB Liability
Balance as of Report Date June 30, 2018	\$ 5,680,248
Service cost	184,425
Interest	200,281
Changes of assumptions	(128,680)
Net investment income	-
Benefit payments	(196,533)
Implicit rate subsidy fulfilled	(25,792)
Net Changes	33,701
Balance as of Report Date June 30, 2019	\$ 5,713,949

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

The following presents the District's net OPEB liability calculated using the discount rate of 3.62 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.62 percent) or 1-percentage-point higher (4.62 percent) than the current rate:

Discount rate	Net OPEB Liability (Asset)
1% decrease (2.62%)	\$ 6,646,785
Current discount rate (3.62%)	5,713,949
1% increase (4.62%)	4,957,113

The following presents the District's net OPEB liability calculated using the current healthcare cost trend rate of 6.50 percent decreasing to 3.84 percent, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.50 percent decreasing to 2.84 percent) or 1-percentage-point higher (7.50 percent decreasing to 4.84 percent) than the current rate:

Healthcare trend rate	Net OPEB Liability (Asset)
1% decrease (5.50% decreasing to 2.84%)	\$ 4,921,947
Current healthcare trend rate (6.50% decreasing to 3.84%)	5,713,949
1% increase (7.50% decreasing to 4.84%)	6,685,348

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2019 and 2018**

NOTE 7: POSTEMPLOYMENT HEALTHCARE BENEFITS

OPEB Expense

For the year ended June 30, 2019, the District recognized OPEB expense of \$353,320. As of June 30, 2019, the district reported deferred outflows of resources of \$196,533 for District contributions made subsequent to the measurement date. As of June 30, 2019, the District reported deferred inflows of resources of \$97,294 arising from changes in assumptions related to the OPEB plan.

NOTE 8: PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CALPERS)

All qualified employees are eligible to participate in the District’s Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS) which covers substantially all regular full-time employees of the District. CalPERS acts as a common investment and administrative agent for participating public entities within the state of California and reports information to the District in accordance with reporting standards established by the GASB.

As of June 30, 2019, the District’s proportionate share of the net pension liability, pension expense and deferred inflow of resources for the above plan and a deferred outflow of resources as shown herein.

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Proportionate Share of Pension Expense
CalPERS	<u>\$ 2,128,755</u>	<u>\$ 642,029</u>	<u>\$ 298,019</u>	<u>\$ 341,571</u>

Plan Description

Qualified employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Plan under the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The Public Agency Cost-Sharing Multiple-Employer Plan in comprised of a Miscellaneous Risk Pool and a Safety Risk Pool. Individual employers may sponsor more than one Miscellaneous or Safety plan. The District sponsors one Miscellaneous Risk pool plan and the information presented below represents the allocated pension amounts for the District’s plan (the Plan). The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees’ Retirement Law.

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2019 and 2018**

NOTE 8: PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CALPERS)

The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on year of service credit, a benefit factor and the member’s final compensation. Members hired by the district, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for employment-related disability benefits regardless of length of service and non-duty disability benefits after 4 years of service. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The Post-Retirement Death Benefit is a one-time payment made to a retiree’s designated survivor or estate upon the retiree’s death. The Basic Death Benefit is paid to any member’s beneficiary if the member dies while actively employed. An employee’s eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for the Plan are applied as specified by the Public Employees’ Retirement Law.

The Plan provisions and benefits in effect at June 30, 2019, are **summarized** herein.

	Miscellaneous Risk Pool	
	Classic	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Required employee contribution rates	6.902%	6.500%
Required employer contribution rates	10.152%	7.266%

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined annually through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2019 and 2018**

NOTE 8: PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CALPERS)

accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for the plan for the year ended June 30, 2019 are presented above and the total District contributions were \$195,840.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2019 the District reported net pension liabilities for its proportionate share of Miscellaneous Risk Pool net pension liability totaling \$2,128,755. The net pension liability was measured as of June 30, 2018. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the District’s proportion was 0.00209 percent.

For the year ended June 30, 2019, the District recognized pension expense of \$341,571. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown herein.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contribution subsequent to measurement date	\$ 195,840	\$ -
Differences between expected and actual experience	84,446	28,736
Net differences between projected and actual earnings on plan investments	10,881	
Effect of changes in assumptions	250,912	61,494
Adjustment due to differences in proportion		188,571
Differences between contributions and proportionate share of contributions	99,950	19,218
	\$ 642,029	\$ 298,019

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

The net differences between projected and actual earnings on plan investments is amortized over a five-year period on a straight-line basis. One-fifth is recognized in pension expense during the

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2019 and 2018**

NOTE 8: PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CALPERS)

remaining four-year period. The remaining net differences between projected and actual earnings on plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis. All other deferred inflows or resources and deferred outflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the Miscellaneous Plan for the June 30, 2018 measurement date is 3.8 years.

The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed 2.8 years.

The deferred inflows of resources and outflows of resources will be recognized in pension expense as shown herein.

<u>Year Ended June 30,</u>	<u>Amortization</u>
2020	\$ 154,438
2021	81,118
2022	(67,590)
2023	(19,796)
2024	-
	<u>\$ 148,170</u>

Actuarial Methods and Assumptions

Total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017 used the methods and assumptions herein, applied to all prior periods included in the measurement.

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	June 30, 2017 Funding Valuation Report
Actuarial cost method	Entry Age Normal
Discount rate	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by Entry Age and Services

CalPERS developed the morality table used based on CalPERS’ specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale MP-2016. For more details on this table. Please refer to the 2017 experience study report.

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the fiscal years ended June 30, 2019 and 2018

NOTE 8: PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CALPERS)

All other actuarial assumptions used in the June 30, 2017, valuation use the results of CalPERS Experience Study and Review of Actuarial Assumption – December 2017, including updates to salary increases, morality, and retirement rates, as a basis. The experience study report is available on the CalPERS website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability remained the same at 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

CalPERS continues the Asset Liability Management (ALM) process to expand its review of assets and liabilities to ensure financial risks to the System are better understood, communicated, and mitigated. To establish appropriate levels of risk, ALM is focused on investment and actuarial policies. These policies include key decision factors that drive optimum asset allocations, while stabilizing employer rates, and volatility of those rates year to year. Additionally, in order to better manage risks arising from terminating agencies, CalPERS has enhanced its oversight of contracting public agencies' financial health through its development of a standardized review criteria. These improvements include streamlining the collection and termination process to reduce the timeframe, accelerating notifications to the Board and members, and adopting a risk oversight process to improve early detection of financial hardship issues.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2019 and 2018**

NOTE 8: PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CALPERS)

value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

(a) An expected inflation of 2.00% used for this period.

(b) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents San Gabriel Valley Municipal proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate:

<u>Discount rate</u>	<u>Net OPEB Liability (Asset)</u>
1% decrease (6.15%)	\$ 3,463,129
Current discount rate (7.15%)	2,128,755
1% increase (8.15%)	1,027,252

Plan Fiduciary Net Position

Detailed information about CalPERS Miscellaneous Risk Plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2019 and 2018**

NOTE 8: PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CALPERS)

report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

NOTE 9: UNRESTRICTED NET POSITION

	<u>2019</u>	<u>2018</u>
Unrestricted		
Designated net position		
Water-in-storage inventory	\$ 2,012,223	\$ 2,654,051
Prepaid and other assets	<u>114,983</u>	<u>167,621</u>
Total non-spendable net position	2,127,206	2,821,672
Undesignated net position	<u>17,504,229</u>	<u>11,238,865</u>
Total unrestricted net position	<u><u>\$ 19,631,435</u></u>	<u><u>\$ 14,060,537</u></u>

NOTE 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; inquiries to employees and natural disasters. The District is a member of the ACWA/Joint Powers Insurance Authority (JPIA), a risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2019, the District participated in the liability and property programs of the JPIA as follows:

- General and auto liability, public officials and employees’ errors and omissions: Total risk financing self-insurance limits of \$1,000,000 per occurrence. The JPIA purchased additional excess coverage layers: \$59,000,000 for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.

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

- Public officials’ and Employee dishonesty coverage up to \$100,000 per loss includes public employee dishonesty, forgery or alteration, computer fraud coverage subject to a \$1,000 deductible per occurrence.
- 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 \$100 million per occurrence, subject to the following deductibles: \$1,000 per occurrence for

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the fiscal years ended June 30, 2019 and 2018

NOTE 10: RISK MANAGEMENT

buildings, fixed equipment, mobile equipment, and \$500 deductible per occurrence for licensed vehicles.

- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to various deductibles per occurrence on damage to scheduled items.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal year 2019 and 2018. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2019 and 2018.

NOTE 11: COMMITMENTS AND CONTINGENCIES

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant

Litigation

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

Participation in the State Water Project

The District has entered into a long-term water supply contract with the State of California, Department of Water Resources (DWR). Under the terms of the contract, the State will deliver specified amounts of water to the District through the year 2035. The District is obligated to pay to the State a portion of the capital and operations and maintenance costs of the State Water Project (SWP).

All of the SWP charges incurred prior to fiscal year 1976 were capitalized because the District's pipeline was not operational until fiscal year 1976. These charges are amortized over the life of the contract. The yearly amortization of pre-fiscal year 1976 charges is \$96,403.

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2019 and 2018**

NOTE 11: COMMITMENTS AND CONTINGENCIES

The District expenses all SWP charges incurred after fiscal year 1976 because of the uncertainty regarding projected future water deliveries and because the District's contract with the State indicates that unused annual entitlements cannot be carried forward to future years.

In fiscal year 2019 and 2018, charges of \$6,637,985 and \$6,750,055 were expensed, respectively. The SWP charges are allocated between two components, capital charges and operating and maintenance charges.

In fiscal year 2019, capital charges totaled \$124,241 and operating and maintenance charges were \$6,513,744 before the application of \$599,404 in SWP credits which reduced the expenses to \$6,038,581. The credits comprised of bond cover costs, final adjustments and interest credits on aqueduct payments. In fiscal year 2018, capital charges totaled \$112,674 and operating and maintenance charges were \$6,637,381 before the application of \$542,120 in SWP credits which reduced the expenses to \$6,207,935. The credits comprised of bond cover costs, final adjustments and interest credits on aqueduct payments.

REQUIRED SUPPLEMENTARY INFORMATION

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
 – OTHER POSTEMPLOYMENT BENEFITS OBLIGATION
 For the fiscal years ended June 30, 2019 and 2018**

Total OPEB Liability	2018	2019
Service Cost	\$ 179,271	\$ 184,425
Interest	195,701	200,281
Changes of Assumptions	-	(128,680)
Benefit Payments	(213,797)	(196,533)
Implicit Rate Subside Fulfilled	-	(25,792)
Net Change in Total OPEB Liability	161,175	33,701
Total OPEB Liability - beginning	5,519,073	5,680,248
Total OPEB Liability - ending (a)	\$ 5,680,248	\$ 5,713,949
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	 0.00%	 0.00%
 Covered-employee payroll	 \$ 810,600	 \$ 812,255
 Net OPEB liability (asset) as a percentage of covered-employee payroll	 700.75%	 703.47%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS CONTRIBUTIONS
– OTHER POSTEMPLOYMENT BENEFITS OBLIGATION
For the fiscal years ended June 30, 2019 and 2018**

<u>OPEB Contributions</u>	<u>2018</u>	<u>2019</u>
Actuarially Determined Contribution (ADC) (1)	\$ 194,657	\$ 196,533
Contributions in relation to the ADC	<u>194,657</u>	<u>196,533</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 810,600	\$ 812,255
Contributions as a percentage of covered payroll	24.01%	24.20%

(1) The District does not calculate an ADC. The District contributes on a pay as you go method assumed to be an amount sufficient to fully fund the obligation over a period not to exceed 30 years.

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
For the Fiscal Years Ended June 30,**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
District's proportion of the net pension liability (assets)	0.01991%	0.01869%	0.02102%	0.02179%	0.00209%
District's proportionate share of the net pension liability (asset)	\$ 1,238,997	\$ 1,283,170	\$ 1,819,051	\$ 2,161,060	\$ 2,128,755
District's covered payroll reported as of the previous fiscal year to align with the measurement date of the net pension liability	\$ 754,000	\$ 820,000	\$ 772,000	\$ 781,000	\$ 796,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	164.32%	156.48%	235.63%	276.70%	267.43%
Plan fiduciary net position as a percentage of the total pension liability	83.03%	85.10%	79.58%	75.39%	77.69%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as data becomes available.

See the accompanying notes to required supplementary information.

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
For the Fiscal Years Ended June 30,

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 132,987	\$ 131,256	\$ 122,358	\$ 175,177	\$ 195,840
Contributions in relation to the contractually required contribution	<u>132,987</u>	<u>131,256</u>	<u>122,358</u>	<u>175,177</u>	<u>195,840</u>
Contribution deficiency (excess)	<u>\$ -</u>				
District's covered payroll	\$ 820,000	\$ 772,000	\$ 781,000	\$ 796,000	\$ 835,000
Contributions as a percentage of covered payroll	16.22%	17.00%	15.67%	22.01%	23.45%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as data becomes available.

See the accompanying notes to required supplementary information.

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the fiscal years ended June 30, 2019 and 2018**

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Changes in Net OPEB Liability

The schedule is intended to show the funded status of the District's actuarially determined liability for postemployment benefits other than pensions. In the future, as data becomes available, 10 years of information will be presented.

Schedule of Postemployment Healthcare Benefits Contributions

The schedule presents information on the District's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

Schedule of District's Proportionate Share of the Net Pension Liability

The schedule presents information on the District's proportionate share of the net pension liability, the plan's fiduciary net position and, when applicable, the State's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

Schedule of District's Contributions

The schedule presents information on the District's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

SUPPLEMENTARY INFORMATION

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**SCHEDULE OF OPERATING EXPENSES
For the fiscal years ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
OPERATING EXPENDITURES		
Source of supply:		
Salaries and wages	\$ 265,200	\$ 214,933
Maintenance - plant and pipeline	48,364	61,216
Water sold	6,038,581	6,207,935
State water supply contract costs	3,657,106	2,072,257
Hydroelectric plant maintenance	<u>4,983</u>	<u>5,068</u>
Total plant operations	<u>10,014,234</u>	<u>8,561,409</u>
General and administrative:		
Salaries and wages	648,034	691,668
Employee benefits:		
Public employees' retirement benefits	244,226	205,759
Payroll taxes	62,940	61,678
Workers' compensation insurance	22,012	28,116
Group health, dental and life insurance	499,591	657,274
Other post-employment benefits	129,119	155,090
Uniforms	3,810	4,876
Insurance	28,373	36,535
Office supplies and expense	34,779	29,802
Election expenses	41,288	-
Membership dues, conferences, and travel	119,700	108,151
Public relations and water conservation program	166,624	196,993
Consulting and engineering fees	298,530	374,428
Government relations	85,127	84,000
Director fees	35,200	22,000
Legal and State Water Contractors fees	56,873	106,989
Accounting and audit fees	29,234	30,865
Telephone and communications	39,819	39,062
Utilities	17,886	17,575
Vehicle maintenance	27,338	16,897
Maintenance - buildings and grounds	28,249	30,385
Property tax	422	413
Bad debt expenses	<u>286,537</u>	<u>-</u>
Total general and administrative	<u>2,905,711</u>	<u>2,898,556</u>
Total Operating Expenditures	<u>\$ 12,919,945</u>	<u>\$ 11,459,965</u>

See the accompanying notes to supplementary information.

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

**NOTES TO THE SUPPLEMENTARY INFORMATION
For the fiscal years ended June 30, 2019 and 2018**

NOTE 1: PURPOSE OF SCHEDULE

Schedule of Operating Expenses

This schedule is to provide greater detail of operating expenses for the fiscal years ended June 30, 2019 and 2018.

OTHER INDEPENDENT AUDITORS' REPORT



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

Board of Directors
San Gabriel Valley Municipal Water District
Azusa, California

We have audited, 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, the financial statements of the San Gabriel Valley Municipal Water District (the District), as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 4, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen
Glendora, California
November 4, 2019

**SAN GABRIEL VALLEY MUNICIPAL
WATER DISTRICT**

**AGREED-UPON PROCEDURES RELATED TO REVIEW OF
TRAVEL AND CONFERENCE EXPENSES**

For the Fiscal Year Ended June 30, 2019



CliftonLarsonAllen LLP
CLAconnect.com

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

San Gabriel Valley Municipal Water District and
Board of Directors and Management
Azusa, California

We have performed the procedures enumerated below, which were agreed to by the San Gabriel Valley Municipal Water District (the District) and the Board of Directors and Management, on the travel and conference expenses of the District as of and for the year ended June 30, 2019. The District's management is responsible for the travel and conference expenses. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

We obtained the Travel and Conference Expenses General Ledger for Account No. 4051-000(directors) and Account No. 4055-000 (staff), and prepared a detailed list of individual charges to these accounts which are attached to this report.

1. We vouched all charges to supporting documentation such as invoices, credit card statements, expense reports, etc.
2. We verified that the Board of Directors approved all District checks that were issued for payment of travel and conference expenses.
3. We verified authorization and/or approval of expenditures and that those expenditures were in compliance with the District's policies for travel and conference expenses.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be an expression of an opinion or conclusion, respectively, on the travel and conference expenses. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the procedures and findings related to travel and conference expenses. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen, LLP.
Glendora, California
November 4, 2019

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
 Agreed-Upon Procedure of Travel and Conference Expenses – Accrual Basis
 General Ledger Account No. 4051-000
 For the Fiscal Year Ended June 30, 2019

No.	Date	Memo	Name	Description	Amount	Procedures		
						1	2	3
1	07/05/2018	Expense, June 2018	Mark Paulson (Expense)	Travel expense reimbursement 6/11/18, MP	19.08	✓	✓	✓
2	07/31/2018	Expense, July 2018	Mark Paulson (Expense)	Travel, Hotel, Parking expense reimbursement 7/9, 7/12, 7/13 - MP	890.18	✓	✓	✓
3	07/31/2018	Expense, July 2018	Miles L Prince (Expense)	Travel expense reimbursement 7/9, 7/10, 7/25 - MP	43.94	✓	✓	✓
4	08/31/2018	Expense - Aug 2018	Mark Paulson (Expense)	Travel expense reimbursement for 8/13, 8/22 - MP	19.08	✓	✓	✓
5	08/31/2018	Expense, Aug 2018	Miles L Prince (Expense)	Travel expense reimbursement for 8/5, 8/12, 8/13 - MPrince	12.21	✓	✓	✓
6	09/20/2018	4003 9040 2462 7871	BOA-Visa	TW - 8/22/18 AYC's 29th Anniversary Ticket	150.00	✓	✓	✓
7	09/30/2018	Expense, Sept 2018	Mark Paulson (Expense)	Travel expense reimbursement 9/11, 9/17-19, 9/26 -MP	34.34	✓	✓	✓
8	09/30/2018	Expense, Sept 2018	Miles L Prince (Expense)	Travel expense reimbursement 9/17, 9/18 - MPrince	50.74	✓	✓	✓
9	10/20/2018	4003 9040 2462 7871	BOA-Visa	9/21/18 ACWA Fall Conference 11/27-30 - MPrince	1,099.00	✓	✓	✓
10	10/31/2018	Expense, Oct 2018	Miles L Prince (Expense)	Travel expense reimbursement 10/8/18 - MPrince	21.04	✓	✓	✓
11	10/31/2018	Expense, Oct 2018	Mark Paulson (Expense)	Travel expense reimbursement 10/8/18 - MP	19.08	✓	✓	✓
12	11/20/2018	4003 9040 2462 7871	BOA-Visa	MPrince-ACWA CLE Fall Workshop 11/27/18	250.00	✓	✓	✓
13	11/30/2018	Expense, Nov 2018	Miles L Prince (Expense)	Travel, Hotel, Parking expenses reimbursement dtd 11/6, 11/27-30 -MPrince	801.46	✓	✓	✓
14	11/30/2018	Expense, Nov 2018	Mark Paulson (Expense)	Travel expense reimbursement 11/6, 11/14 - MP	19.08	✓	✓	✓
15	12/31/2018	Expense, Dec 2018	Miles L Prince (Expense)	Travel reimbursement 12/10/18, MPrince	12.21	✓	✓	✓
16	12/31/2018	Expense, Dec 2018	Mark Paulson (Expense)	Travel reimbursement 12/10, 12/11, 12/19 -MP	19.08	✓	✓	✓
17	01/31/2019	Expense - Jan 2019	Miles L Prince (Expense)	Travel expense reimbursement 1/14/19 - PMiles	22.39	✓	✓	✓
18	01/31/2019	Expense - Jan 2019	Mark Paulson (Expense)	Travel expense reimbursement 1/8, 1/14, 1/22 -MPaulson	20.30	✓	✓	✓
19	02/20/2019	4003 9040 2462 7871	BOA-Visa	TW - 1/30 MP Lunar New Year Gala on 2/8	81.20	✓	✓	✓
20	02/28/2019	Expense, Feb 2019	Miles L Prince (Expense)	Travel, Hotel, Meals and Registration expense reimbursement 2/1/19 - 2/18/19, MPrince	1,471.80	✓	✓	✓
21	02/28/2019	Expense, Feb 2019	Mark Paulson (Expense)	Travel and Hotel expense reimbursement 2/11/19, 2/12/19, MP	20.30	✓	✓	✓
22	02/28/2019	Expense, Feb 2019	Thomas Wong (Expense)	Travel and Misc. expense reimbursement for 2/6, 2/11, 2/26 , TW	311.46	✓	✓	✓
23	02/28/2019	Expense, Feb 2019	Bruce H Knoles (Expense)	Travel, Meals, Parking expense reimbursement 2/4, 2/11, 2/19, 2/25, 2/26, 2/27, 2/28 -BK	152.69	✓	✓	✓
24	03/13/2019	9909	Bruce H Knoles	Recd for Dir Knoles for Spouce's reg.fee-Urban Wtr Institute Conference 2/27-3/1/19	-100.00	✓	✓	✓
25	03/20/2019	4003 9040 2462 7871	BOA-Visa	SP - 2/19 Legislative Day/SAC 2/26 Airfare	405.96	✓	✓	✓
26	03/20/2019	4003 9040 2462 7871	BOA-Visa	BK - 2/20 Urban Water Conference \$625.00, 2/20-21 Urban Wtr Hotel \$451.36. Parking \$36.	2,119.27	✓	✓	✓
27	03/31/2019	Expense, Mar 2019	Mark Paulson (Expense)	Travel expense reimbursement 3/4, 3/20 -MPaulson	20.30	✓	✓	✓
28	03/31/2019	Expense, Mar 2019	Bruce H Knoles (Expense)	Travel, Mileage expense reimbursement 3/1, 3/4, 3/6, 3/18, 3/28 - BK	77.94	✓	✓	✓
29	03/31/2019	Expense, Mar 2019	Miles L Prince (Expense)	Travel expense reimbursement 3/4, 3/25 -MPrince	20.30	✓	✓	✓
30	04/15/2019	Mark Paulson	Independent Cities	ICA Summer Seminar 2019 Registration - Mark Paulson	650.00	✓	✓	✓
31	04/20/2019	4003904024627871	BOA-Visa	BK- \$775, MPrince \$325, SP \$50 -Conf,Legisl Lunch	1,100.00	✓	✓	✓
32	04/30/2019	Expense, Apr 2019	Miles L Prince (Expense)	Travel expense reimbursement for Apr 3,8,23 - MPrince	31.90	✓	✓	✓
33	04/30/2019	Expense, April 2019	Mark Paulson (Expense)	Travel expense reimbursement for Apr 8,15,17 - MPaulson	40.02	✓	✓	✓
34	05/31/2019	Expense, May 2019	Mark Paulson (Expense)	Travel expense reimbursement 5/13, 5/14, 5/22 , MPaulson	20.30	✓	✓	✓
35	05/31/2019	Expense, May 2019	Bruce H Knoles (Expense)	Hotel, Meals expense reimbursement on 5/10/19, BKnoles	498.12	✓	✓	✓

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
 Agreed-Upon Procedure of Travel and Conference Expenses – Accrual Basis
 General Ledger Account No. 4051-000
 For the Fiscal Year Ended June 30, 2019

No.	Date	Memo	Name	Description	Amount	Procedures		
						1	2	3
36	05/31/2019	Expense, May 2019	Miles L Prince (Expense)	Travel, Hotel, Meals, Parking expense reimbursement 5/5-28/19 , MPrince	1,073.10	✓	✓	✓
37	06/26/2019	495	Monterey Park Chamber	Thomas Wong Ticket for State of the City of Monterey Park July 9	100.00	✓	✓	✓
38	06/30/2019	Expense, June 2019	Mark Paulson (Expense)	Travel expense reimbursement 6/3/19, MPaulson	20.30	✓	✓	✓
39	06/30/2019	Expense, June 2019	Miles L Prince (Expense)	Travel expense reimbursement 6/3, 6/6, 6/11 - MPrince	40.60	✓	✓	✓
40	06/30/2019	101266		SP Mileage paid after year end	750.54	✓	✓	✓
41	06/30/2019	101266		SP Mileage paid after year end	858.24	✓	✓	✓
				Total Account No. 4051-000	\$ 13,267.55			

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
 Agreed-Upon Procedure of Travel and Conference Expenses – Accrual Basis
 General Ledger Account No. 4055-000
 For the Fiscal Year Ended June 30, 2019

No.	Date	Memo	Name	Description	Amount	Procedures		
						1	2	3
1	07/05/2018	Replenish Petty Cash	Petty Cash	DK - SWC Meal 5/16, 6/21	39.29	✓	✓	✓
2	07/20/2018	4003 9040 2403 2858	BOA-Visa	DK - SWC/SAC 6/20-21 Hotel\$189.03,Meals\$49.34,Gas\$30.70, Rental\$131.81, Parking\$40.50	472.69	✓	✓	✓
3	07/20/2018	4003 9040 2403 2858	BOA-Visa	EH - EB SGVWA Qtrly Breakfast Ticket	30.00	✓	✓	✓
4	07/31/2018	Expense, July 2018	L Esquivel	Mileage reimbursement July 5,18,25 -LE	12.75	✓	✓	✓
5	07/31/2018	Expense, July 2018	Maria Jarmin	Mileage reimbursement 07/02/17 - 07/31/18 -GJ	64.09	✓	✓	✓
6	08/07/2018	Expense,July-Aug2018	Evelyn Reyes	Travel expense reimbursement July 9,18,19, Aug 2,5,7 -ER	50.53	✓	✓	✓
7	08/13/2018	Replenish Petty cash	Petty Cash	SWC/SAC meals for DK	36.33	✓	✓	✓
8	08/20/2018	4003 9040 2403 2858	BOA-Visa	DK - 7/19-21 SWC/SAC Hotel\$ 433.56, Parking \$49.35, Gas \$47.63	597.72	✓	✓	✓
9	08/20/2018	4003 9040 2403 2858	BOA-Visa	LE - CA Special District Conference	865.00	✓	✓	✓
10	08/20/2018	4003 9040 2403 2858	BOA-Visa	ER - 7/31 EB SGVW Qtrly Breakfast	30.00	✓	✓	✓
11	08/31/2018	Expense, Aug 2018	Maria Jarmin	Mileage reimbursement for 8/1/18 - 8/30/18, GJ	66.82	✓	✓	✓
12	09/12/2018	Expense, Sept 2018	Darin Kasamoto	9/12/18 Hotel expense reimbursement for SWC meeting (SAC) 9/12-9/13, DK	188.45	✓	✓	✓
13	09/20/2018	4003 9040 2462 7871	BOA-Visa	EH - 8/31/18 Water Education Foundation \$404.72, 9/7/18 Annual Summit \$299.97	704.71	✓	✓	✓
14	09/30/2018	Expense, Sept 2018	Ed Hills	Travel, Parking expense reimbursement for 9/20/18	85.04	✓	✓	✓
15	09/30/2018	Expense, Sept 2018	Maria Jarmin	Mileage expense reimbursement for 09/03/18 - 09/27/18, GJ	81.86	✓	✓	✓
16	10/08/2018	Replenish Petty Cash	Petty Cash	DK-SWC/SAC meals \$50.84, parking package \$20.00	172.04	✓	✓	✓
17	10/20/2018	4003 9040 2462 7871	BOA-Visa	10/9/18 Board/Secretary Conference 10/22-25 Airfare - LE	393.96	✓	✓	✓
18	10/20/2018	4003 9040 2462 7871	BOA-Visa	DK-SWC/SAC 10/17-18 Airfare \$523.96,Rental\$127.49,Hotel\$191.51,Gas\$28.20,Meals\$27.66	898.82	✓	✓	✓
19	10/20/2018	4003 9040 2462 7871	BOA-Visa	EH- EB SGV Annual Breakfast	30.00	✓	✓	✓
20	10/31/2018	Expense, Oct 2018	L Esquivel	Travel, Meals, Misc. expense reimbursement 10/15-18, 10/22-25 - LE	210.29	✓	✓	✓
21	10/31/2018	Expense, Oct 2018	Maria Jarmin	Mileage reimbursement 10/01/18 - 10/31/18 -GJ	62.35	✓	✓	✓
22	11/20/2018	4003 9040 2462 7871	BOA-Visa	LE - Board Secretary Conference 10/22-10/25	451.92	✓	✓	✓
23	11/20/2018	4003 9040 2462 7871	BOA-Visa	DK- SWC/SAC 10/18 Parking \$45, Meals \$18.34, SWC/SAC 11/14-11/15 Airfare \$530.96	1,092.21	✓	✓	✓
24	11/30/2018	Expense, Nov. 2018	L Esquivel	Travel expense reimbursement 11/13-19/18 -LE	32.65	✓	✓	✓
25	11/30/2018	Expense, Nov 2018	Maria Jarmin	Travel expense reimbursement 11/1/18 - 11/29/18 -GJ	29.43	✓	✓	✓
26	12/10/2018	Replenish Petty Cash	Petty Cash	SWC/SAC lunches, SWC Parking	36.90	✓	✓	✓
27	12/20/2018	4003 9040 2462 7871	BOA-Visa	DK - 11/29/18 SWC/SAC 11/28 Airfare\$533.96, Gas\$4.35,Rental\$66.28,Parking\$34.50,Meals\$14.96	1,779.67	✓	✓	✓
28	12/31/2018	Expense, Dec 2018	Maria Jarmin	Mileage reimbursement expense 12/03/18 - 12/31/18, GJ	59.08	✓	✓	✓
29	12/31/2018	Expense, Aug 2018	Evelyn Reyes	Misc. expense reimbursement -Aug 7, 19, 30 - ER	50.00	✓	✓	✓
30	01/14/2019	Replenish Petty Cash	Petty Cash	SWC/SAC Rental car	106.14	✓	✓	✓
31	01/20/2019	4003 9040 2462 7871	BOA-Visa	DK -12/19 SWC/SAC parking \$28.50, Gas\$5.10, 12/20 SWC/SAC parking \$25.50, Meals \$24.07	2,358.16	✓	✓	✓
32	01/20/2019	4003 9040 2462 7871	BOA-Visa	ER - 1/10 SGV/WA Qtrly Brkfst 2/6 \$30.00, 1/16 Legislative Symposium 3/6 \$270.00, Airfare \$199.96	499.96	✓	✓	✓
33	02/07/2019	Expense, Jan 2019	Maria Jarmin	Mileage expense reimbursement 01/02/19 - 01/31/19 -GJ	64.15	✓	✓	✓
34	02/11/2019	Replenish Petty Cash	Petty Cash	SWC/SAC Parking	20.00	✓	✓	✓
35	02/13/2019	369	Darin J Kasamoto	ck recd from DK - company card used in error	-94.80	N/A	N/A	N/A

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
 Agreed-Upon Procedure of Travel and Conference Expenses – Accrual Basis
 General Ledger Account No. 4055-000
 For the Fiscal Year Ended June 30, 2019

No.	Date	Memo	Name	Description	Amount	Procedures		
						1	2	3
36	02/20/2019	4003 9040 2462 7871	BOA-Visa	DK-1/17/19 ACWA DC 2/26 Hotel\$381.10, 2/9 Personal charges in error\$94.80 recd chk	1,009.86	✓	✓	✓
37	02/20/2019	4003 9040 2462 7871	BOA-Visa	ER - 1/30 MP Lunar New Year Gala on 2/8	81.20	✓	✓	✓
38	02/20/2019	4003 9040 2462 7871	BOA-Visa	A Lu- 1/30 MP Lunar New Year Gala on 2/8	81.20	✓	✓	✓
39	02/28/2019	Expense, Feb 2019	Maria Jarmin	Mileage reimbursement 02/04/19 - 02/28/19, GJ	48.26	✓	✓	✓
40	02/28/2019	Expense, Jan-Feb 2019	Evelyn Reyes	Travel, Meals, Registration, Parking expense reimbursement for 01/14/19 - 02/28/19, ER	368.70	✓	✓	✓
41	03/04/2019	Replenish Petty Cash	Petty Cash	SWC/SAC Airport Parking	18.00	✓	✓	✓
42	03/06/2019	Expense, March 2019	Evelyn Reyes	Meals, registration, parking expense reimbursement for ACWA Legislative Symposium, ER	119.83	✓	✓	✓
43	03/14/2019	Expense, Mar 2019	Ed Hills	Car rental and meals expense reimbursement for District Tour 3/14/19, EH	168.35	✓	✓	✓
44	03/20/2019	4003 9040 2462 7871	BOA-Visa	DK - 2/20 SWC/SAC Rental \$96.53, Meals \$23.68, Parking \$36.00, Gas \$11.55	1,395.60	✓	✓	✓
45	03/20/2019	4003 9040 2462 7871	BOA-Visa	DK - 3/7 Flight Cancelled	-266.98	✓	✓	✓
46	03/20/2019	4003 9040 2462 7871	BOA-Visa	ER - 2/19 Legislative Day/SAC 2/26 Airfare	405.96	✓	✓	✓
47	03/20/2019	4003 9040 2462 7871	BOA-Visa	EH - 2/19 Legislative Day/ SAC 2/26 Airfare \$725 ACWA Conf	1,130.96	✓	✓	✓
48	03/31/2019	Expense, Mar 2019	Maria Jarmin	Mileage expense reimbursement 3/01/19 - 3/28/19 -GJ	43.04	✓	✓	✓
49	03/31/2019	Expense, Mar 2019	Evelyn Reyes	Travel expense reimbursement 3/6, 3/19, 3/20, 3/27 - ER	22.04	✓	✓	✓
50	04/08/2019	Replenish Petty Cash	Petty Cash	DK - ACWA/DC Meals 2/26/19 - 2/28/19	57.15	✓	✓	✓
51	04/20/2019	4003904024627871	BOA-Visa	DK- \$757.49 SWC/SAC, ER \$50 Legis Lunch,	807.49	✓	✓	✓
52	04/30/2019	Expense, Apr 2019	Maria Jarmin	Mileage reimbursement 04/01/19 - 04/31/19, GJ	56.96	✓	✓	✓
53	04/30/2019	April 2019 Mileage	Evelyn Reyes	Mileage of April 2019	109.28	✓	✓	✓
54	05/09/2019	Apr - May 09, 2019	Petty Cash	SWC/SAC-DK Meals & Parking	79.04	✓	✓	✓
55	05/09/2019	Expense, May 2019	Ed Hills	Uber expense reimbursement on 5/8, 5/9 ACWA Conference - EHills	37.41	✓	✓	✓
56	05/20/2019	4003 9040 2462 7871	BOA-Visa	DK- 4/22 SWC/SAC 4/16-18 Hotel \$580.12, Gas \$102.25, Rental\$ 220.00	3,768.28	✓	✓	✓
57	05/20/2019	4003 9040 2462 7871	BOA-Visa	EH - 5/3 ACWA Conference Hotel\$767.71, 5/17 SGVWA Qrtrky Breakfast \$ 30.00	797.71	✓	✓	✓
58	05/20/2019	4003 9040 2462 7871	BOA-Visa	EH - Hotel credit adjustment (ACWA Conference- 5/13	-262.61	✓	✓	✓
59	05/20/2019	4003 9040 2462 7871	BOA-Visa	ER - 5/17 SGVWA Qrtrly Breakfast	30.00	✓	✓	✓
60	05/28/2019	Replenish Petty Cash	Petty Cash	SWC/SAC meals, rental & gas reimbursement \$123.06,32.67	155.73	✓	✓	✓
61	05/31/2019	Expense, May 2019	Evelyn Reyes	Travel expense reimbursement for May 5 - 29, EReyes	158.10	✓	✓	✓
62	05/31/2019	Expense, May 2019	L Esquivel	Travel expense reimbursement 5/6-9, LE	13.92	✓	✓	✓
63	05/31/2019	Expense, May 2019	Maria Jarmin	Mileage expense reimbursement 5/1-30/2019, GJ	36.31	✓	✓	✓
64	06/20/2019	4003904024627871	BOA-Visa	DK - SWC Sacramento airfare, meals, gas, parking rental	1,142.48	✓	✓	✓
65	06/30/2019	Expense, June 2019	Maria Jarmin	Mileage reimbursement 6/3/19 - 6/27/19 , GJ	49.53	✓	✓	✓
66	06/30/2019	June 2019 Mileage	Evelyn Reyes	June Mileage 2019	96.51	✓	✓	✓
				Total Account No. 4055-000	\$ 23,337.52			
				Total Account No. 4051-000	\$ 13,267.55			
				Total Account No. 4055-000	23,337.52			
				Total Tested	\$ 36,605.07			