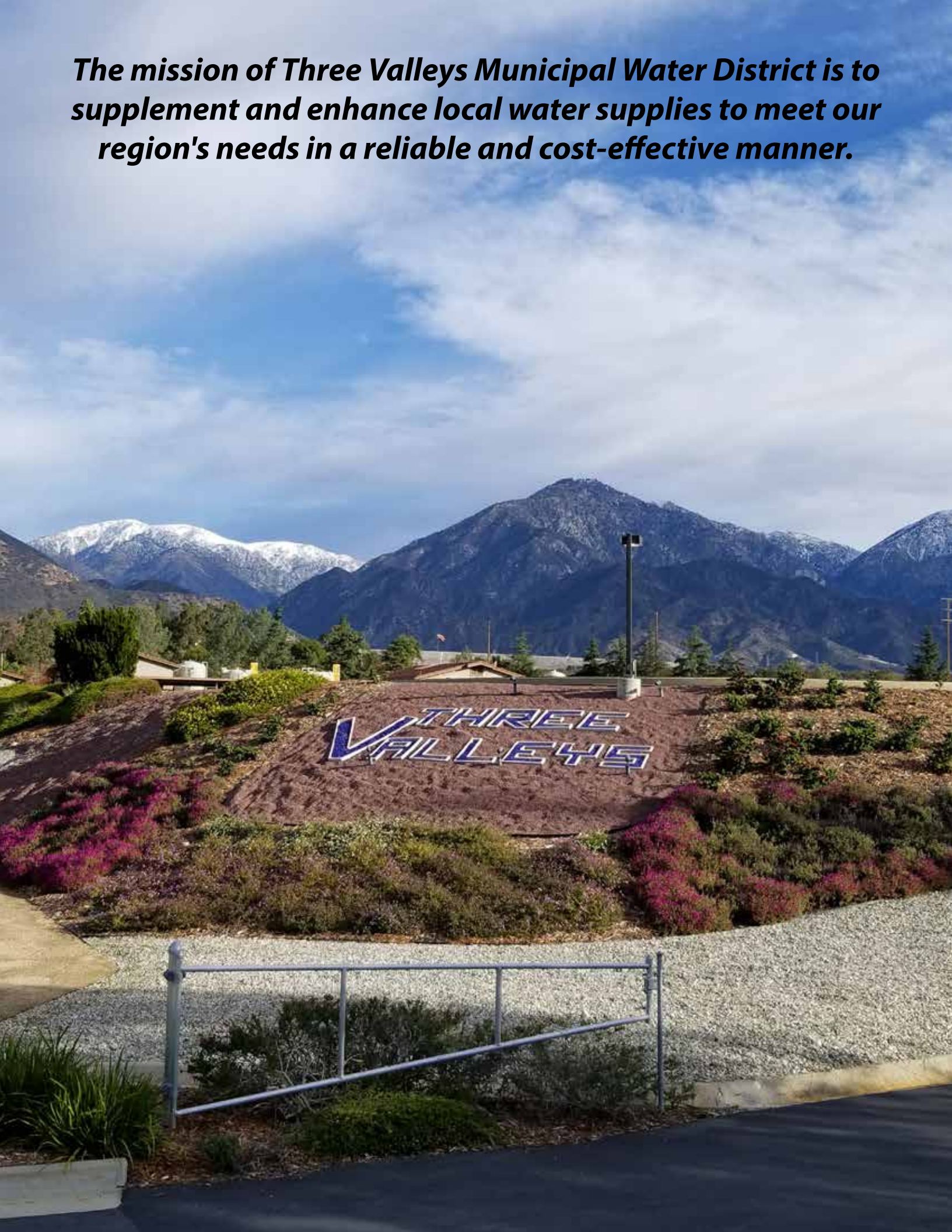


**THREE VALLEYS MUNICIPAL WATER DISTRICT
1021 EAST MIRAMAR AVENUE
CLAREMONT, CA 91711-2052**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED
JUNE 30, 2019**

The mission of Three Valleys Municipal Water District is to supplement and enhance local water supplies to meet our region's needs in a reliable and cost-effective manner.





Comprehensive Annual Financial Report

Fiscal Year Ended

June 30, 2019

Three Valleys Municipal Water District

1021 East Miramar Avenue

Claremont, CA 91711-2052

General Manager/Chief Engineer

Matthew H. Litchfield, P.E.

Prepared by the Finance Department of

Three Valleys Municipal

Water District

THREE VALLEYS MUNICIPAL WATER DISTRICT

Comprehensive Annual Financial Report

Fiscal Year Ending

June 30, 2019

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THREE VALLEYS MUNICIPAL WATER DISTRICT

Comprehensive Annual Financial Report Fiscal Year Ending June 30, 2019

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INTRODUCTORY SECTION





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BOARD OF DIRECTORS

Brian Bowcock
David D. De Jesus
Denise Jackman
Carlos Goytia
Bob Kuhn
John Mendoza
Joseph T. Ruzicka

GENERAL MANAGER/CHIEF ENGINEER

Matthew H. Litchfield, P.E.

September 25, 2019

To the Honorable Board of Directors and Member Agencies:

Introduction

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for Three Valleys Municipal Water District (TVMWD) for the fiscal year (FY) ended June 30, 2019. TVMWD staff, following guidelines set forth by the Governmental Accounting Standards Board (GASB), worked collectively to prepare this financial report. TVMWD is ultimately responsible for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures in this financial report. We believe 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 TVMWD's financial position and activities.

TVMWD derives its legal power from the Municipal Water District Act of 1911, including the powers of acquisition and construction of water and hydroelectric generating facilities; acquisition and disposal of property; purchase, production, treatment, distribution, and sale of water, wastewater, and storm waters; provision, generation, delivery and sale of hydroelectric power; levying and collection of taxes; issuance of general obligation and improvement bonds; acquisition of water rights; and right of eminent domain.

State law and TVMWD bylaws require an annual audit of financial statements by an independent certified public accountant. The accounting firm of Lance, Soll & Lunghard, LLP conducted TVMWD's annual audit. Their report, providing an unmodified opinion on TVMWD's financial statements, appears in the Financial Section.

Management's discussion and analysis immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. TVMWD's Management's discussion and analysis complements this letter of transmittal and should be read in conjunction with it.

Agency Profile

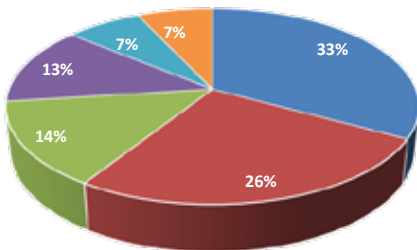
TVMWD is a special district formed by public election in 1950 and is the area's primary source of supplemental water covering the Pomona, Walnut and East San Gabriel Valleys. TVMWD is one of 26 member agencies of the Metropolitan Water District of Southern California (MWD) that is authorized to deliver wholesale water supplies from the Colorado River and Northern California. The region served by TVMWD spans over 133 square miles and serves 13 retail member agencies that in turn serve a population of over 500,000.

TVMWD's operations consist of a conventional surface water treatment plant, a state certified laboratory, two groundwater wells, five hydroelectric generators rated with a potential of 1.1 megawatts, residual solids removal, groundwater recharge pipelines, spreading grounds, pump stations, and transmission pipelines. Water is treated at the Miramar Treatment Plant and wholesaled to local agencies by way of several miles of pipeline. TVMWD receives a Tier 1 water supply allotment from MWD of 80,688 AFY.

TVMWD is governed by a Board of Directors elected by the registered voters residing within TVMWD's boundaries. The Board averages over 12 years of experience with TVMWD. The executive management team has a combined 70 years of experience with TVMWD and 108 years of experience in the water industry. This stability provides a tremendous benefit to TVMWD.

Approximately 70% of TVMWD's treated water sales are wholesaled out of MWD's Weymouth Treatment Plant in La Verne. The remaining 30% is treated and sold out of TVMWD's Miramar Treatment Plant in Claremont to the following agencies:

Golden State Water Company (Claremont)	33%
City of La Verne	26%
Golden State Water Company (San Dimas)	14%
Walnut Valley Water District	13%
Rowland Water District	7%
City of Pomona	7%



Local Economy¹

TVMWD serves a population of approximately 515,000 residing within the eastern region of Los Angeles County (the County). With over one in four Californians living in the County, it is no surprise that whatever happens in Los Angeles greatly affects and influences the rest of the state. The County's current improving prosperity, on aggregate, and the recent real income gains that the County has long awaited are indicators of the trends taking place across California.

The County's real GDP growth for 2018 was 2.8%, slightly higher than the projected 2.4%. Real GDP growth is expected to be 3.0% in 2019 and then decrease to 2.7% in 2020, roughly keeping pace with the state economy and exceeding national growth of 2.2% and 2.4% respectively.

The forecasted expansion of GDP growth will be tied to robust employment increases in key service areas such as professional and business services, health care, and hospitality, which are expected to create roughly 60,000 jobs per year in the County. This job growth will help continue the long-term decline in the unemployment rate currently at 4.6%, then down to an estimated 4.4% in 2019 and 4.3% in 2020. Despite the downward trend in the unemployment rate, the County remains higher than the national average.

Real personal income growth in the County is expected to stay strong, increasing from 1.4% annually in 2018 to 2.6% in 2019, then back down to 2.1% in 2020. The County will lag behind California as a whole due to the relatively higher unemployment rate and greater degree of labor market slack.

The County's economic recovery and growth is a good news story, but the County is at the forefront of California's housing shortage emergency. Over 57% of renter households in the Los Angeles metropolitan area spend one-third or more of their income on rental costs and almost a full third spend half or more of their income on rental costs. This crisis poses the greatest long-term threat to local economic mobility and bottom-up prosperity. Households have less money to save, invest, consume or otherwise contribute to the economy. In addition, inadequate transportation infrastructure along with housing affordability could have significant impacts on economic growth.

¹ Source: Los Angeles County Economic Development Corporation's 2019-2020 Economic Forecast and Industry Outlook

Industry Outlook

MWD imports water supplies to Southern California from two main sources: the Sacramento and San Joaquin Rivers through the State Water Project (SWP) and the Colorado River via the Colorado River Aqueduct (CRA). The SWP is operated and maintained by the California Department of Water Resources (DWR), who allocates water annually to each of the twenty-nine SWP contractors throughout the state. MWD is the largest contractor of the SWP, receiving about 50% of the supplies. The CRA is owned, operated and maintained by MWD. Operation of the CRA is dictated by The Law of the Colorado River, which provides for the benefit of the seven western states that rely on the Colorado River or its tributaries.

Robust winter storms this year resulted in above average snowpack in the Sierra Nevada Mountains, the Upper Colorado Basin and in most reservoir levels. As of June 2019, the statewide Sierra snowpack was 202% of normal. This is California's fifth largest snowpack since 1950. The wet winter and more than 30 atmospheric river weather events since the start of the water year helped bring much needed water supplies to California's reservoirs, pushing them to above their historical average.

Between the SWP 75% allocation and the CRA 74% allocation of imported water supplies, MWD has just over 2.4 million acre-feet of water supply available. At the same time, MWD's demands for water have dropped slightly to about 1.5 million acre-feet, allowing MWD to store the difference in local reservoirs, groundwater basins, and through other programs. This will fortify reserves for future drought years or emergencies. MWD's total dry-year storage balance at the end of 2019 is expected to be approximately 3.2 million acre-feet, which is the highest storage balance in their history.

California experienced a change in leadership with Gavin Newsom taking over as Governor beginning in January 2019. The California WaterFix, a Delta conveyance improvement project originally designed as a twin tunnel project, has been scrapped by Governor Newsom in favor of a less expensive one tunnel approach. Although this change was not MWD's preference, MWD appreciates that Governor Newsom is still committed to improving California's water delivery infrastructure with a single tunnel project.

In order to ensure water supply reliability for Southern Californians and to expand and diversify the region's water supply portfolio, MWD is investing in the future development of local water supplies by its member agencies. On January 8, 2019, MWD's Board approved providing \$3.5 million under their Future Supply Actions Funding Program for research to facilitate the future development of seawater desalination, groundwater, stormwater capture, and recycled water projects. MWD considers this program key in helping MWD address an uncertain water future.

MWD continues to be proactive in helping Southern Californians understand that water efficiency and conservation has become a way of life. Last year MWD brought back their popular Turf Removal Rebate program. On February 12, 2019, MWD approved to double the rebate provided for turf replacement. In addition, MWD adopted other changes which make it easier for customers to participate in the program. MWD utilizes its multi-million dollar "365" campaign to encourage Southern Californians to learn about available rebate programs, how to conserve water every day, and how to save money.

California was fortunate to have an above normal water year which was a good news story for everyone in the state. Even though the drought may be considered over, California must deal with a climate that fluctuates from year to year and the reality that dry conditions will come back in future years. Many of Southern California groundwater basins are still at or near historic low levels. Unpredictable and extreme weather brings about ongoing water supply reliability issues and challenges across the state.

TVMWD continues to support MWD in advancing the delta conveyance improvement project in order to ensure Southern California has a reliable water source. TVMWD realizes the serious nature of water supply reliability and is proactive in finding new local sources of water supplies. TVMWD is in the process of constructing our third well which is expected to be fully operational by January 2020 and is in the planning stages for a fourth well with an estimated completion in 2022. TVMWD is also working with MWD and our member agencies to develop water storage agreements and come up with other means to ensure our region maintains a reliable and affordable water supply. Planning for future generations and preserving and strengthening our water supplies for the future and in case of emergencies such as a catastrophic earthquake are at the forefront of TVMWD's goals.



MAJOR INITIATIVES AND PROJECTS

TVMWD began, continued, or completed many projects and programs in FY 2018-2019. These included, but were not limited to:

Filter Aid Dry Chemical System: The system batch-processes polymers used in the treatment process. The system became obsolete and unsupported. The new system provides more automated controls, a more accurate means of measuring chemicals to batch-process the polymer filter aid, and a better mixing system that will not degrade the product prior to use. TVMWD staff took delivery of the equipment, performed the entire installation, and put into operation.



6th & White Meter Connection and Electrical Upgrade: The 6th & White #5 meter connection underwent major upgrades. The existing venturi meter was replaced with a modern magnet meter. The rusted cabinet and its electrical components were replaced. TVMWD performed various parts of the demo, preparation and installation. The upgrade increased available space for newer technology and improved security of our equipment.



MAJOR INITIATIVES AND PROJECTS

JWL Control Valve: Final design and construction for this control valve was completed in FY 2018-2019. The new 18-inch pressure reducing and flow control device at the Joint Water Line (JWL) connection will serve to regulate flow in the pipeline between the Fulton Reservoir and the delivery point to the JWL. The ability to better control deliveries with such a valve will also help to utilize the Fulton Reservoir for potential improvements that could enhance water quality.



MAJOR INITIATIVES AND PROJECTS

Reservoir Effluent Pump Station: The pumping equipment for this proposed pump station was installed in October 2018. The completion of this project occurred in November 2018 after successful testing, start-up, and training of operations staff. TVMWD is now able to take advantage of reservoir detention time to enhance the disinfection process through the plant. In addition, the administration building now receives its potable water supply from the Reservoir Effluent Pump Station.



Hydropneumatic Tank Replacement: The replacement of the hydropneumatic tank at the Miramar Plant was completed in mid FY 2018-2019. The three variable speed plant process pumps were rebuilt and took the place of the circa 1987 steel pressurized tank system. These pumps operate in a lead-lag to feed process water to the plant and onsite irrigation system. Removing the obsolete hydropneumatic tank system was a natural step due to the catastrophic failures the industries utilizing this hydropneumatic tank design have experienced.



MAJOR INITIATIVES AND PROJECTS

Grand Avenue Well: Phase I (drilling) and Phase 2 (well equipping and pipeline design) were completed in FY 2018-2019. Construction began in May 2019 and is scheduled to be completed by January 2020, with anticipated production of 750 gpm.



Relevant Financial Policies

Internal Control Structure

TVMWD management is responsible for the establishment and maintenance of the internal control structure that ensures assets are protected from loss, theft, or misuse. The internal control structure also ensures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The 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.

Financial Policies

Prior to June 30th each fiscal year, TVMWD adopts an annual appropriated budget for planning, control, and evaluation purposes. The budget includes proposed expenses and the means of financing them. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. The Board of Directors approve total budgeted appropriations and any significant amendments to the appropriations throughout the year. Formal budgetary integration is employed as a management control device during the year. The Board of Directors requires the preparation of an annual budget, but TVMWD is not legally required to report on the budget. Encumbrance accounting is used to account for commitments related to unperformed or incomplete contracts for construction and services. Consistent with the State of California Government Code, TVMWD annually adopts an investment policy that is intended to minimize credit and market risks while maintaining a competitive yield on its overall portfolio. TVMWD's cash management system is also designed to forecast revenues and expenditures accurately, and to invest surplus funds to the fullest extent possible. During FY 2018-2019, all funds were invested in accordance with this policy. These investments primarily consisted of United States Government Securities/Instrumentalities.

Long-Term Financial Planning

TVMWD's main expense is for treated and untreated water from MWD. Since MWD is forecasting rate increases in the future of 3% to 4.1%, TVMWD's rates are expected to mirror those increases. TVMWD's financial forecast is to continue leveraging costs so that TVMWD can offer water at a \$10 discount per acre-feet below MWD for the foreseeable future.

TVMWD will continue to work towards providing a sustainable supply of water by making capital investments to enhance groundwater production capabilities during the next few years. TVMWD will utilize reserves and debt financing if necessary to pay for these projects with as little rate impact as possible. Not only will these projects improve reliability, they will also provide an avenue to decrease dependence upon MWD. Operating expenses would increase slightly with the additional infrastructure but the cost would be justifiable.

TVMWD's strategic plan includes maintaining a reserve of funds in accordance with TVMWD's Reserve Policy. The objective of reserve funds is:

- to balance short-term fluctuations in revenues/expenses without adopting unplanned significant rate increases that could severely impact ratepayers
- to provide a safety net in the event of an emergency
- to minimize external borrowing and interest expense
- to determine the most opportune time to issue debt when necessary

TVMWD's strategic plan also includes a reserve category for unfunded employee pension and OPEB liabilities. TVMWD has gone beyond what is required by establishing irrevocable trusts to accumulate and grow funds to pay these future obligations. A long-term plan for bringing down these liabilities has been established.

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.

Contact TVMWD

This CAFR is designed to provide a general overview of TVMWD's finances and to demonstrate TVMWD's accountability for the resources it receives. If you have any questions about this report or need additional information, please contact the Finance Department at (909) 621-5568.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to TVMWD for its CAFR for the fiscal year ended June 30, 2018. This was the twelfth consecutive year that TVMWD has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

TVMWD currently maintains the District of Distinction biannual accreditation by the Special District Leadership Foundation (SDLF) for its sound fiscal management policies and practices in district operations. The SDLF provides an independent audit review of the last three years of a district's operations to ensure prudent fiscal practices. This recognition is further proof of TVMWD's commitment towards developing a fiscally sound operation that is open and transparent.

Preparation of this report was accomplished by the combined efforts of TVMWD staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to the service of TVMWD's customers. The contributions made by Esther Romero, Liz Cohn, and our auditors deserve special recognition. We would also like to thank and recognize the members of the Board of Directors for their continued support in the planning and implementation of TVMWD's fiscal policies.

Respectfully submitted,



Matthew H. Litchfield, P.E.
General Manager/Chief Engineer



James Linthicum, CPA
Chief Finance Officer



Government Finance Officers Association

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

Presented to

**Three Valleys Municipal Water District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

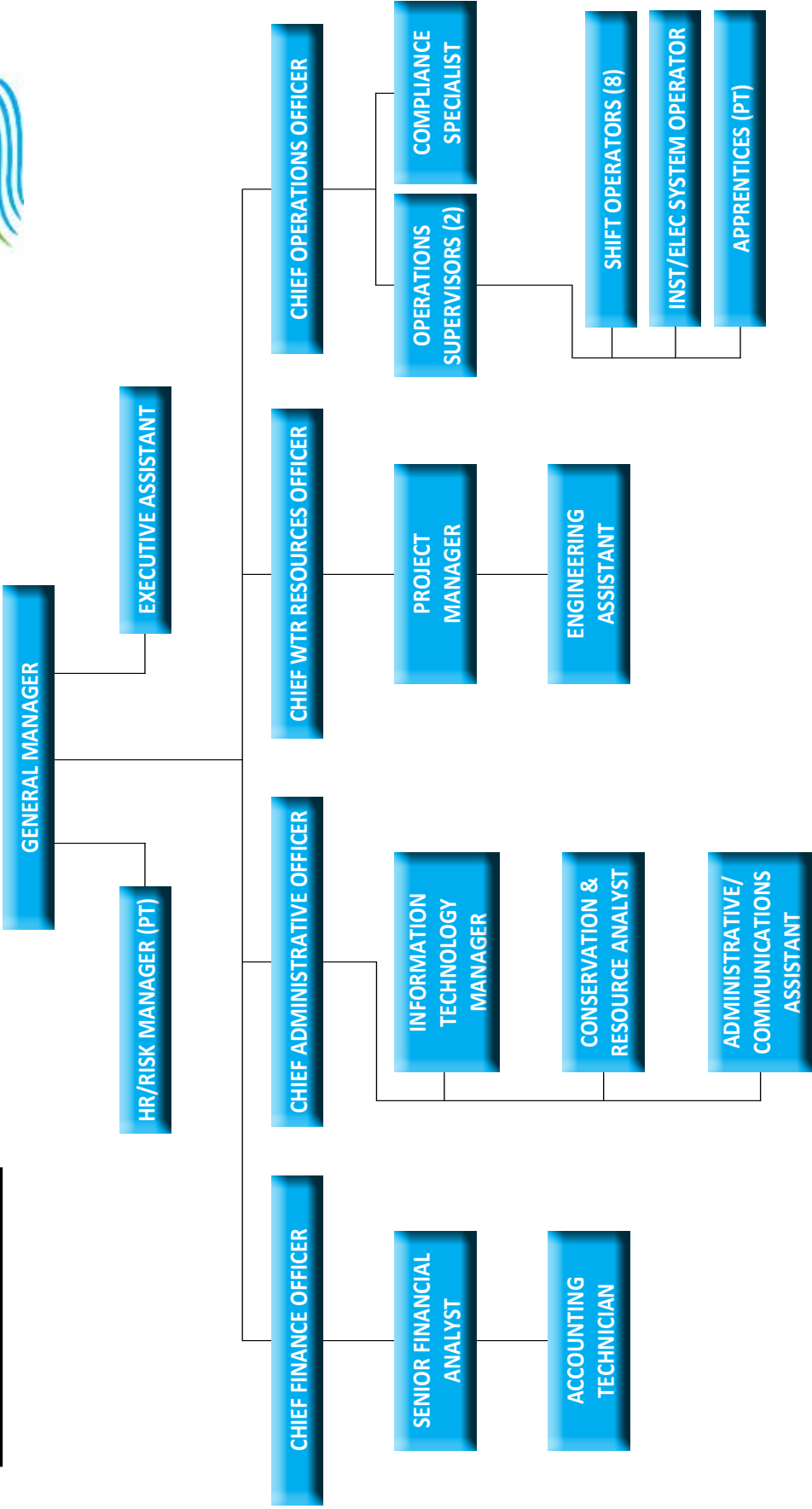
June 30, 2018

Christopher P. Morrill

Executive Director/CEO

Organizational Chart

VOTING ELECTORATE
BOARD OF DIRECTORS



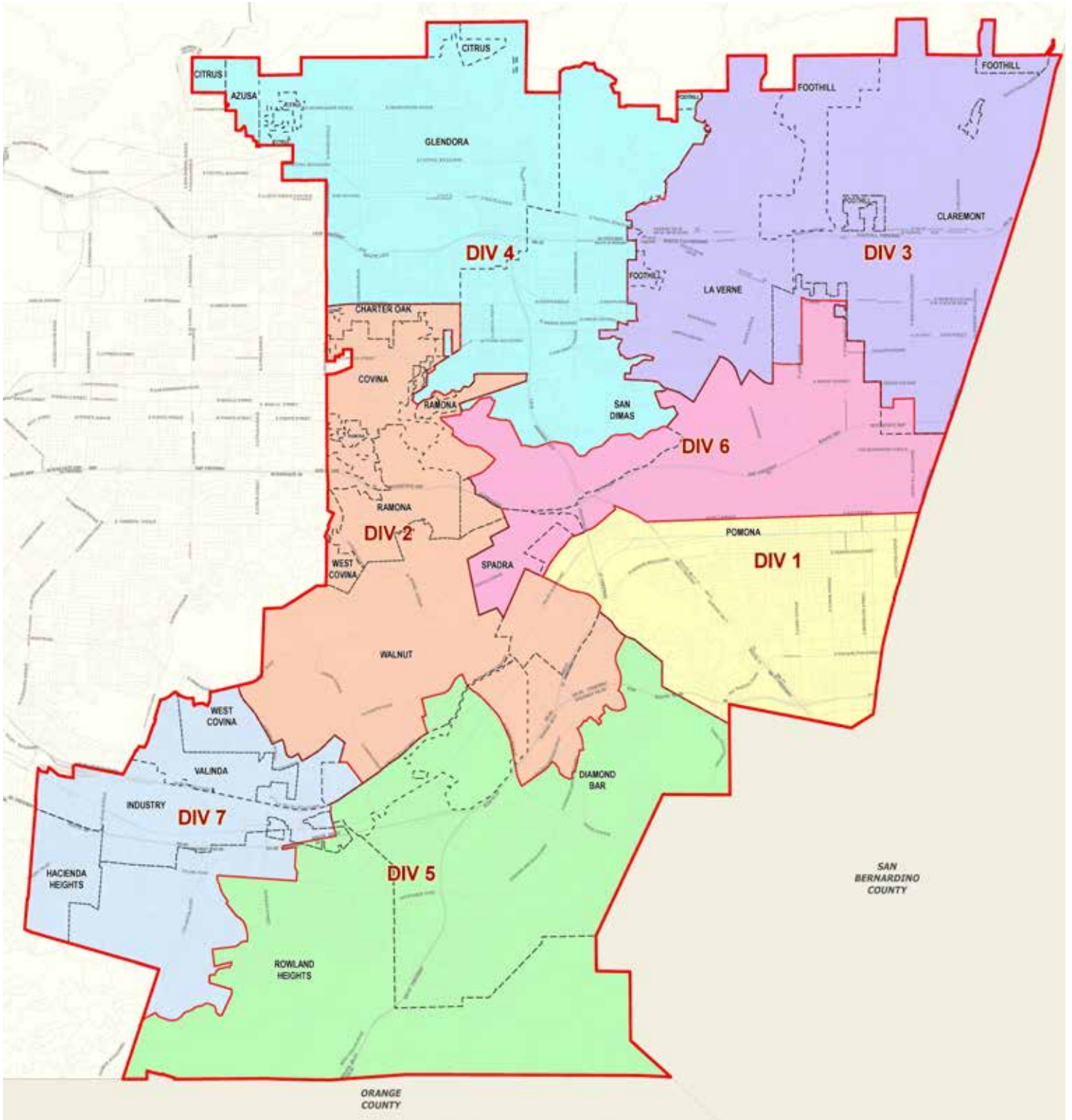
Matthew Litchfield, P.E.
General Manager

May 15, 2019 FTE 25

Date



Elective Subdivision Boundary Map



TVMWD Board of Directors



Director Bob Kuhn, President
Division 4
Glendora, San Dimas



Director David De Jesus, Vice President
Division 2
Walnut, Covina, West Covina,
San Dimas



Director Brian Bowcock, Secretary
Division 3
Claremont, La Verne



Director Joseph Ruzicka, Treasurer
Division 5
Diamond Bar, City of Industry, Rowland Heights



Director Denise Jackman
Division 7
Rowland Heights, West Covina,
City of Industry, Hacienda Heights
January 2019 - Present



Director John Mendoza
Division 6
Northern Pomona



Director Carlos Goytia
Division 1
Southern Pomona



Director Dan Horan
Division 7
Rowland Heights, West Covina,
City of Industry, Hacienda Heights
July 2018 - December 2018



BOARD REPRESENTATION
 (Revised at the January 2019 Board Meeting)

<u>NAME</u>	<u>REPRESENTING</u>	<u>POSITION</u>
Bob Kuhn	Division IV	President
David De Jesus	Division II	Vice President
Brian Bowcock	Division III	Secretary
Joseph Ruzicka	Division V	Treasurer
Denise Jackman	Division VII	Director
John Mendoza	Division VI	Director
Carlos Goytia	Division I	Director

2019 COMMITTEE/REPRESENTATION APPOINTMENTS
 (Revised at the December 5, 2018 Board Meeting)

<u>COMMITTEE/BOARD</u>	<u>REPRESENTATIVE</u>	<u>ALTERNATE</u>
ACWA Region 8 Delegate	Director Bowcock	Director Kuhn
ACWA/JPIA Representative	Director Bowcock	Director Kuhn
BizFed	Director Mendoza	Director Goytia
Chino Basin Watermaster ⁽¹⁾	Director Kuhn	Director De Jesus
City of Pomona Council Meetings	Director Mendoza	Director Goytia
Local Agency Formation Commission (LAFCO)	Director Ruzicka	Director Kuhn
Main San Gabriel Basin Watermaster	Director Bowcock	Director Goytia
MWD Board Representative	Director De Jesus	-----
PWR Joint Water Line Commission	Director Goytia	Director Ruzicka
Rowland Water District	Director Ruzicka	Director De Jesus
San Gabriel Basin WQA ⁽¹⁾⁽²⁾	Director Kuhn	Director Bowcock
San Gabriel Valley Council of Govt's (SGV-COCG) ⁽³⁾	Director Goytia	Director Ruzicka
San Gabriel Valley Economic Partnership (SGVEP)	Director Kuhn	Director Mendoza
Six Basins Watermaster ⁽¹⁾	Director Mendoza	Director Bowcock
Southern California Water Coalition	Director Bowcock	Director Mendoza
Walnut Valley Water District	Director De Jesus	Director Ruzicka

⁽¹⁾Both the representative and alternate will attend these meetings due to voting requirements.

⁽²⁾Resolution No. 18-09-831 was submitted to the San Gabriel Valley Water Quality Authority to appoint a delegate and alternate to serve for a four year term.

⁽³⁾For CY 2019 TVMWD will be the delegate.

FINANCIAL SECTION





CPAs AND ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Three Valleys Municipal Water District
Claremont, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Three Valleys 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 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special District. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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





To the Board of Directors
Three Valleys Municipal Water District
Claremont, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of Three Valleys Municipal Water District, as of June 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the plan's proportionate share of the net pension liability, the schedule of pension plan contributions – California Public Employees Retirement Plan, the schedule of changes in Net OPEB liability and related ratios, the schedule of contributions - OPEB, and the schedule investment returns – OPEB Trust on pages 18-21 and 46-50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 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.

Brea, California
September 25, 2019

THREE VALLEYS MUNICIPAL WATER DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2019

This section of TVMWD's annual financial report presents our analysis of TVMWD's financial performance during the fiscal year ended on June 30, 2019. Please read it in conjunction with the basic financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- Treated water sales revenue and the related water purchased decreased in 2019. This is offset by a significant increase in untreated water sales along with rates increasing by 3%.
- Accounts payable increased \$1.1 million as a result of water stored in Main San Gabriel Basin in June 2019. TVMWD requested delivery of the water but is not required to pay MWD until December 2019.
- Investment income increased significantly due to changes in the investment market that caused unrealized gains in TVMWD's investment portfolio.
- Total Nondepreciable Assets increased \$1.1 million mainly due to continued work on the Grand Avenue Well.
- Total Depreciable Assets increased \$500,000 as a result of completion of the following Projects: The Reservoir Effluent Pump Station, the Hydropneumatic Tank Replacement and the Filter Aid Dry Chemical System.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to TVMWD's basic financial statements, which are comprised of two components: Basic Financial Statements (pages 22-29) and Notes to the Basic Financial Statements (pages 30-43). This report also includes other supplementary information in addition to the basic financial statements.

Required Financial Statements

The financial statements of TVMWD report information about TVMWD using the accrual basis of accounting; accordingly, all of the current year's revenues and expenses are accounted for regardless of when the cash is received or paid. This accounting treatment is similar to the methods used by private sector companies and aids in answering the question of whether TVMWD, as a whole, has improved or deteriorated as a result of this year's activities.

The Statement of Net Position (pages 22-23) includes all of TVMWD's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of TVMWD and assessing the liquidity and financial flexibility of TVMWD.

The Statement of Revenues, Expenses and Changes in Net Position (page 25) includes all of the current year revenues and expenses. This statement measures the success of TVMWD's operations over the past year and can be used to determine whether TVMWD has successfully recovered all of its costs through user fees and other charges.

The Statement of Cash Flows (pages 26-27) reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. This statement demonstrates where the cash came from, how the cash was used, and how much the change in cash was during the fiscal year.

The Statement of Fiduciary Net Position (page 28) includes all of TVMWD's OPEB investments in resources (assets).

The Statement of Changes in Fiduciary Net Position (page 29) provides the basis for evaluating the changes in investments and contributions to the OPEB trust.

These statements are one of many different ways to measure TVMWD's financial health or financial position. Over time, increases or decreases in TVMWD's net position are one of the indicators of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in TVMWD's property tax base, investment income, grant opportunities, and other operational measures to help assess the overall financial health of TVMWD.

**THREE VALLEYS MUNICIPAL WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019**

**TABLE A-1
Condensed Statement of Net Position
Fiscal Years 2019 and 2018**

	2019	2018	Dollar Change	Total Percent Change
Current and noncurrent assets				
Cash and cash equivalents	\$ 3,968,050	\$ 1,803,767	\$ 2,164,283	120 %
Accounts receivable	10,485,682	9,915,140	570,542	6 %
Interest receivable	54,872	53,721	1,151	2 %
Interest receivable - <i>restricted</i>	75	151	(76)	(51) %
Taxes receivable	67,580	135,536	(67,956)	(50) %
Other receivables	5,373	30,448	(25,075)	(82) %
Loans receivable from employees	4,803	4,290	513	12 %
Prepaid expenses and deposits	81,828	104,286	(22,458)	(22) %
Water storage inventory	2,553,120	3,368,550	(815,430)	(24) %
Investments	10,056,595	10,015,648	40,947	0 %
Investments - <i>restricted</i>	415,362	340,950	74,412	22 %
Capital assets				
Depreciable assets	25,606,507	26,304,496	(697,989)	(3) %
Nondepreciable assets	4,383,747	3,253,881	1,129,866	35 %
Total Assets	\$ 57,683,594	\$ 55,330,864	\$ 2,352,730	4 %
Deferred outflows of resources				
Deferred OPEB and pension related items	\$ 1,445,586	\$ 1,608,652	\$ (163,066)	(10) %
Current liabilities				
Accounts payable	\$ 10,860,640	\$ 9,785,036	\$ 1,075,604	11 %
Retention payable	-	41,610	(41,610)	(100) %
Accrued payroll	157,130	189,876	(32,746)	(17) %
Accrued compensated absences	190,415	102,015	88,400	87 %
Long-term liabilities				
Accrued compensated absences	268,943	339,703	(70,760)	(21) %
Net pension liability	3,452,268	3,518,869	(66,601)	(2) %
Net OPEB liability	536,357	517,532	18,825	4 %
Total Liabilities	\$ 15,465,753	\$ 14,494,641	\$ 971,112	7 %
Deferred inflows of resources				
Deferred OPEB and pension related items	\$ 328,478	\$ 309,337	\$ 19,141	7 %
Investment in capital assets	\$ 29,990,254	\$ 29,558,377	\$ 431,877	1 %
Restricted for pensions	415,437	341,101	74,336	22 %
Unrestricted	12,929,258	12,236,060	693,198	6 %
Total Net Position	\$ 43,334,949	\$ 42,135,538	\$ 1,199,411	3 %

As depicted in Table A-1, the following significant changes occurred during FY 2018-2019:

- Accounts payable increased \$1.1 million as a result of water stored in Main San Gabriel Basin in June 2019. TVMWD requested delivery of the water but is not required to pay MWD until December 2019.
- Water storage inventory decreased as a result of \$2.5 million of sales offset by water purchases of \$1.7 million.

**THREE VALLEYS MUNICIPAL WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019**

**TABLE A-2
Condensed Statements of Revenues, Expenses and Changes in Net Position
Fiscal Years 2019 and 2018**

	2019	2018	Dollar Change	Total Percent Change
Operating revenues				
Water and hydroelectric sales	\$ 61,874,355	\$ 58,752,407	\$ 3,121,948	5 %
Water use and connection capacity charges	5,365,364	5,499,472	(134,108)	(2) %
Nonoperating revenues				
Property tax revenue	2,481,726	2,291,505	190,221	8 %
Investment income	513,710	3,089	510,621	16530 %
Total Revenues	70,235,155	66,546,473	3,688,682	6 %
Operating expenses				
Water purchases	55,670,169	52,987,129	2,683,040	5 %
Water use and connection capacity	4,720,544	4,887,541	(166,997)	(3) %
Water treatment and transmission	2,848,109	2,891,079	(42,970)	(1) %
Administrative expenses	4,321,058	3,928,897	392,161	10 %
Depreciation	1,521,811	1,578,054	(56,243)	(4) %
Nonoperating expenses				
Loss on sale/disposal of assets	52,553	40,400	12,153	30 %
Total Expenses	69,134,244	66,313,100	2,821,144	4 %
Net income (loss) before contributions	1,100,911	233,373	867,538	372 %
Contributions	98,500	2,000	96,500	4825 %
Changes in net position	1,199,411	235,373	964,038	410 %
Beginning net position	42,135,538	41,900,165	235,373	1 %
Ending net position	\$ 43,334,949	\$ 42,135,538	\$ 1,199,411	3 %

As depicted in Table A-2, the following significant changes occurred during FY 2018-2019:

- Treated water sales revenue and the related water purchased decreased in 2019. This is offset by a significant increase in untreated water sales along with rates increasing by 3%.
- Investment income increased significantly due to changes in the investment market that caused unrealized gains in TVMWD's investment portfolio.
- Contributions increased due to a grant for the Cadiz Project.

**THREE VALLEYS MUNICIPAL WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019**

**TABLE A-3
Capital Assets
Fiscal Years 2019 and 2018**

	2019	2018	Dollar Change	Total Percent Change
Nondepreciable Assets				
Land	\$ 1,633,704	\$ 1,633,704	\$ -	0 %
Water Share	301,000	301,000	-	0 %
Construction in Progress	2,449,043	1,319,177	1,129,866	86 %
Total Nondepreciable Assets	4,383,747	3,253,881	1,129,866	35 %
Depreciable Assets				
Building	7,521,416	7,521,416	-	0 %
Furniture, Fixtures, & Equipment	964,296	954,141	10,155	1 %
Infrastructure	57,157,301	56,669,340	487,961	1 %
Land Improvements	1,257,839	1,257,839	-	0 %
Vehicles	449,804	414,648	35,156	8 %
Total Depreciable Assets	67,350,656	66,817,384	533,272	1 %
Less Accumulated Depreciation	(41,744,149)	(40,512,888)	(1,231,261)	3 %
Net Depreciable Assets	25,606,507	26,304,496	(697,989)	(3) %
Total Capital Assets, Net	\$ 29,990,254	\$ 29,558,377	\$ 431,877	1 %

As depicted in Table A-3, the following significant changes occurred during FY 2018-2019:

- Total Nondepreciable Assets increased \$1.1 million mainly due to continued work on the Grand Avenue Well.
- Total Depreciable Assets increased \$500,000 as a result of completion of the following Projects: The Reservoir Effluent Pump Station, the Hydropneumatic Tank Replacement and the Filter Aid Dry Chemical System.
- More information about TVMWD's capital assets is presented in Note 3 of the Notes to the Basic Financial Statements.

THREE VALLEYS MUNICIPAL WATER DISTRICT
STATEMENT OF NET POSITION
June 30, 2019

ASSETS

Current assets

Cash and cash equivalents (Note 2)	\$ 3,968,050
Accounts receivable (Note 1)	10,485,682
Interest receivable	54,872
Interest receivable - restricted (Note 1)	75
Investments (Note 2)	818,714
Investments - restricted (Note 1)	415,362
Taxes receivable (Note 1)	67,580
Other receivables	5,373
Loans receivable from employees (Note 1)	4,803
Prepaid expenses (Note 1)	56,321
Deposits (Note 1)	16,531
Water storage inventory (Note 1)	2,553,120
Total current assets	<u>18,446,483</u>

Noncurrent assets

Advance dues deposit (Note 1)	8,976
Investments (Note 2)	9,237,881
Capital assets (Note 3)	
Depreciable assets, net	25,606,507
Nondepreciable assets	4,383,747
Total noncurrent assets	<u>39,237,111</u>
TOTAL ASSETS	<u>\$ 57,683,594</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred pension related items (Note 7)	1,144,108
Deferred OPEB related items (Note 9)	301,478
Total deferred outflows of resources	<u>\$ 1,445,586</u>

THREE VALLEYS MUNICIPAL WATER DISTRICT
STATEMENT OF NET POSITION (continued)
June 30, 2019

LIABILITIES

Current liabilities

Accounts payable	\$ 10,860,640
Accrued payroll	157,130
Current portion of accrued compensated absences (Note 1)	190,415
Total current liabilities	<u>11,208,185</u>

Noncurrent liabilities

Accrued compensated absences, net of current portion (Note 1)	268,943
Net pension liability (Note 7)	3,452,268
Net OPEB (Note 9)	536,357
Total noncurrent liabilities	<u>4,257,568</u>

TOTAL LIABILITIES

\$ 15,465,753

DEFERRED INFLOWS OF RESOURCES

Deferred pension related items (Note 7)	328,478
Total deferred inflows of resources	<u>\$ 328,478</u>

NET POSITION

Investment in capital assets	29,990,254
Restricted for pensions	415,437
Unrestricted	12,929,258
TOTAL NET POSITION	<u><u>\$ 43,334,949</u></u>

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



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THREE VALLEYS MUNICIPAL WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2019

OPERATING REVENUES

Water sales - MWD	\$ 43,413,063
Water and hydroelectric sales - Miramar	18,461,292
Water use and connection capacity charges	5,365,364
	<hr/>
Total operating revenues	67,239,719
	<hr/>

OPERATING EXPENSES

Water purchases - MWD	43,649,391
Water purchases - Miramar	12,020,778
Water use and connection capacity	4,720,544
Water treatment and distribution	2,848,109
Administrative expenses	4,321,058
Depreciation	1,521,811
	<hr/>
Total operating expenses	69,081,691
	<hr/>

OPERATING LOSS

(1,841,972)

NONOPERATING REVENUES (EXPENSES)

Property tax revenue	2,481,726
Investment income	513,710
Loss on sale/disposal of assets	(52,553)
	<hr/>
Net nonoperating revenues	2,942,883
	<hr/>

NET INCOME BEFORE CONTRIBUTIONS

1,100,911

CONTRIBUTIONS *(Note 1)*

98,500

CHANGES IN NET POSITION

1,199,411

NET POSITION AT BEGINNING OF YEAR

42,135,538

NET POSITION AT END OF YEAR

\$ 43,334,949

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

THREE VALLEYS MUNICIPAL WATER DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 67,509,682
Cash payments to suppliers of goods or services	(61,785,696)
Cash payments to employees for services	(4,598,920)
Net cash provided by operating activities	<u>1,125,066</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Proceeds from property taxes	<u>2,549,682</u>
Net cash provided by noncapital financing activities	<u>2,549,682</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from contributions	98,500
Proceeds from sale of capital assets	541
Acquisitions of capital assets	(744,531)
Cost of construction in progress additions	(1,262,251)
Net cash used by capital and related financing activities	<u>(1,907,741)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments in government securities	(2,789,975)
Proceeds from sales of investments in government securities	2,957,771
Investment income	229,480
Net cash provided by investing activities	<u>\$ 397,276</u>

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

THREE VALLEYS MUNICIPAL WATER DISTRICT
STATEMENT OF CASH FLOWS (continued)
For the Year Ended June 30, 2019

NET INCREASE (DECREASE)

IN CASH AND CASH EQUIVALENTS	\$ 2,164,283
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,803,767
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,968,050</u>

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

Income from operations	\$ (1,841,972)
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	1,521,811
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(570,542)
(Increase) decrease in other receivables	25,075
(Increase) decrease in loans receivable from employees	(513)
(Increase) decrease in prepaid expenses	16,460
(Increase) decrease in deposits	5,998
(Increase) decrease in water storage inventory	815,430
Increase (decrease) in accounts payable	1,075,604
Increase (decrease) in accrued payroll	(32,746)
Increase (decrease) in accrued OPEB liability and related items	62,198
Increase (decrease) in retention payable	(41,610)
Increase (decrease) in accrued compensated absences	17,640
Increase (decrease) in net pension liability and related items	72,233
Net cash provided by operating activities	<u>\$ 1,125,066</u>

**RECONCILIATION OF CASH AND CASH EQUIVALENTS
TO STATEMENT OF NET POSITION**

Cash and cash equivalents	\$ 3,968,050
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NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Loss on sale/disposal of assets	(53,094)
Changes in fair value of investments	283,155

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

**THREE VALLEYS MUNICIPAL WATER DISTRICT
OTHER POST EMPLOYMENT BENEFITS PLAN TRUST
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019**

ASSETS:

Mutual funds (<i>Note 9</i>)	\$	928,625
Interest receivable (<i>Note 9</i>)		264
TOTAL ASSETS	\$	928,889

NET POSITION RESTRICTED FOR OPEB BENEFITS

Restricted for OPEB benefits	\$	928,889
TOTAL NET POSITION RESTRICTED FOR OPEB BENEFITS	\$	928,889

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

**THREE VALLEYS MUNICIPAL WATER DISTRICT
OTHER POST EMPLOYMENT BENEFITS PLAN TRUST
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

ADDITIONS:

Employers' contributions	\$ -
Investment Income:	
Interest and dividends	22,094
Net appreciation in fair value of investments	36,288
Less: investment expense	<u>(2,996)</u>
Net investment income	<u>55,386</u>
TOTAL ADDITIONS	<u>55,386</u>

DEDUCTIONS:

Administrative expenses	<u>(2,212)</u>
TOTAL DEDUCTIONS	<u>(2,212)</u>
CHANGE IN NET POSITION	53,174

**NET POSITION RESTRICTED
FOR OPEB BENEFITS:**

BEGINNING OF YEAR	<u>875,715</u>
END OF YEAR	<u><u>\$ 928,889</u></u>

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

**THREE VALLEYS MUNICIPAL WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

Nature of Organization

TVMWD wholesales potable and non-potable water to its member agencies which include Golden State Water Company, serving Claremont and San Dimas; Rowland Water District; Walnut Valley Water District; the Boy Scouts of America; California State Polytechnic University, Pomona; Mount San Antonio College; Pomona-Walnut-Rowland Joint Water Line; Valencia Heights Water Company; Covina Irrigating Company; Suburban Water Systems; and the cities of Covina, Glendora, La Verne and Pomona.

Basis of Accounting and Financial Statement Presentation

TVMWD uses proprietary fund accounting which is similar to the principles applied to a business in the private sector. TVMWD utilizes the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange like transactions are recognized when the exchange takes place. The measurement focus is on determination of net income, net position and cash flows.

TVMWD's basic financial statements are presented in conformance with the provisions of GASB Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis - For State and Local Governments". GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows.

The other post-employment benefits plan trust fiduciary fund is reported using the economic resources measurement focus and the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

TVMWD's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments with a maturity of three months or less from the date of acquisition.

Restricted Investments and Interest Receivable

Amounts shown as restricted are associated with an irrevocable trust established to collect and invest additional funds for TVMWD's pension plan as explained in Note 7.

Accounts Receivable

TVMWD grants unsecured credit to its member agencies. Bad debts are accounted for by the reserve method, which establishes an allowance for doubtful accounts based upon historical losses and a review of past due accounts. All receivables are considered collectible as of June 30, 2019, thus no allowance is reflected on the statement of net position.

Property Taxes

Property tax in California is levied in accordance with Article 13A of the State Constitution at 1% of county-wide assessed valuations. Taxes are collected by Los Angeles County for each fiscal year on taxable real and personal property which is situated within TVMWD as of the preceding January 1. For assessment and collection purposes, property is classified as either secured or unsecured. Taxes receivable at year-end are related to property taxes collected by Los Angeles County which have not been received by TVMWD as of June 30. All taxes receivable are considered collectible as of June 30, 2019, thus no allowance is reflected on the statement of net position.

Loans Receivable from Employees

TVMWD offers interest free loans to full-time employees for the initial purchase and/or upgrades for technology (computers, tablets, smart phones) eligible under the program. TVMWD deems all loans receivable to be collectible.

Prepaid Expenses and Deposits

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

Water Storage Inventory

TVMWD maintains storage of untreated water within Main San Gabriel Basin and Six Basins. This stored water is intended for future benefit of TVMWD and its member agencies. Payments made reflect costs applicable to future accounting periods and are recorded at cost as inventory in the financial statements. Cost is determined using the weighted average method.

	Six Basins		Main San Gabriel Basin	
	Acre-Feet	Amount	Acre-Feet	Amount
Beginning Balance at July 1, 2018	2,904	\$ 554,869	4,075	\$ 2,813,681
Acquired	1,142	157,553	2,144	1,550,148
Used or Sold	(968)	(179,699)	(3,392)	(2,343,432)
Ending Balance at June 30, 2019	3,078	\$ 532,723	2,827	\$ 2,020,397

**THREE VALLEYS MUNICIPAL WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Investments

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

Capital Assets

Capital assets purchased and/or constructed are capitalized at historical cost. TVMWD’s capitalization policy dollar threshold is \$5,000. Depreciation has been provided using the straight-line method over the following useful lives:

Category	Useful Life (years)
Building and Building Improvements	10-40
Infrastructure	5-40
Land Improvements	10-20
Furniture, Fixture and Equipment	3-20
Vehicles	5-10

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences

TVMWD’s employees earn vacation, sick, compensatory and universal leave in varying amounts depending primarily on length of service. Accumulated vacation, compensatory and universal leave time is accrued at year-end to account for TVMWD’s obligation to the employees for amounts owed. The current portion of accrued compensated absences is based on a rolling 3-year annual average of leave cashed out by the employee. Sick leave can be accumulated without limit. Any unused sick leave is treated as additional service time in the calculation of the employee's retirement plan.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the California Public Employees’ Retirement System (CalPERS) Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

Net OPEB Liability

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 and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by PARS. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net investment in capital assets - The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - The restricted component of net position consists of constraints placed on assets used through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - The unrestricted component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Sometimes TVMWD will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is TVMWD’s policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.



**THREE VALLEYS MUNICIPAL WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Classification of Revenues and Expenses

As an enterprise (proprietary) fund, TVMWD classifies its revenues and expenses into the following classifications: operating revenues, operating expenses, nonoperating revenues and nonoperating expenses. Operating revenues and expenses are defined as revenues realized by TVMWD in exchange for providing its primary services for water treatment and transmission, hydroelectric sales and water use and connection capacity charges. Non-operating revenues are those derived from the investment of cash reserves and from entities other than customers and other ancillary sources. Non-operating expenses include those related to bond costs and amortization expenses.

Contributions

Contributions are comprised of federal, state, and local grants and of project reimbursements from member agencies. The portion of the grants and reimbursements used for capital purposes are reflected as capital contributions in the statement of revenues, expenses and changes in net position. The funds are reimbursable contributions, whereas TVMWD first pays for the project and then the granting agency reimburses TVMWD for its eligible expenditures.

**NOTE 2 – CASH AND CASH EQUIVALENTS AND
INVESTMENTS**

Deposits

As of June 30, 2019, the carrying amount of TVMWD's cash deposits was \$2,901,737 and the bank balances were \$2,948,161. The bank balances were fully insured and/or collateralized with securities held by the pledging financial institutions in TVMWD's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure an agency's cash deposits by pledging government securities with a value of 110% of an agency's deposits. California law also allows institutions to secure agency deposits by pledging first trust deed mortgage notes having a value of 150% of an agency's total deposits.

TVMWD's Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an

Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an Agent of Depository has the effect of perfecting the security interest in the name of the local government agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local government agency.

Cash and cash equivalents and investments are presented on the Statement of Net Position as follows as of June 30, 2019:

Type	Fair Value
Cash and cash equivalents	
Cash	\$ 2,901,737
Money Market Funds	30,576
California Asset Management Trust	1,007,147
Local Agency Investment Fund	<u>28,590</u>
Total cash and cash equivalents	<u>3,968,050</u>
Investments	
Federal Agency Securities	4,292,637
US Corporate Notes	2,576,422
US Treasury Notes	2,220,417
Supranational	639,964
Asset Backed Security	327,155
Mutual Funds*	<u>1,343,987</u>
Total investments	<u>11,400,582</u>
Total cash and cash equivalent and investments	<u>\$ 15,368,632</u>

*Mutual Funds consist of funds with irrevocable trusts for pension and OPEB liabilities.

Local Agency Investment Fund

TVMWD 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 TVMWD's investment in this pool is reported in the accompanying financial statements at amounts based on TVMWD's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio.) The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not registered with the SEC and is not rated. Deposits and withdrawals in LAIF are made based on one dollar and not fair value.

California Asset Management Program (CAMP)

TVMWD is a voluntary participant in CAMP, a Joint Powers Authority established in 1989 to provide California public agencies with professional investment services. The CAMP Pool is a permitted investment for all local agencies under California Code Section 53601(p). CAMP is directed by a Board of Trustees which is made up of experienced local government finance directors and treasurers.

**THREE VALLEYS MUNICIPAL WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Investments

TVMWD contracts the services of an external investment manager to assist in the management of TVMWD's investment portfolio. The external manager is granted the discretion to purchase and sell investment securities in accordance with TVMWD's investment policy. For security purposes, physical custody of the securities is maintained by a separate banking institution.

TVMWD's investment policy limits certain concentrations of investments. It is empowered by the California Government Code 53601 to invest in a variety of securities. Investment options under the code include the following:

- 1) Direct obligations of the United States Government, its agencies, and instruments to which the full faith and credit of the United States government is pledged, or obligations to the payment of which the full faith and credit of the United States is pledged;
- 2) Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions;
- 3) With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper, and repurchase agreements with certain limitations;
- 4) Medium term notes (5 years or less) issued by corporations organized and operating with the United States or by depository institutions licensed by the United States or any state and operating within the United States;
- 5) Mutual funds investing in the securities and obligations authorized by TVMWD's investment policy and share in money market mutual funds;
- 6) County, municipal, or school district tax supported debt obligations; bond or revenue anticipation notes; money judgments; or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district;
- 7) Notes or bonds secured by a mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and obligations of the National Mortgage Association;
- 8) Money market funds regulated by the Securities and Exchange Commission (SEC) in which investments consist of the investments mentioned in points 1, 2, 3, and 4 above.

Funds held in the pension and OPEB trusts are governed by the trust agreements rather than by TVMWD's investment policy.

Investments

TVMWD 's investment policy limits investment maturities to five years or less as a means of managing its exposure to fair value losses arising from increasing rates. As June 30, 2019, TVMWD had the following investment maturities:

Investment Type	Fair Value	Investment Maturities (In Years)		
		Less than 1	1 to 3	3 to 5
Money Market Funds	\$ 30,576	\$ 30,576	\$ -	\$ -
Federal Agency Securities	4,292,637	299,242	2,627,437	1,365,958
US Corporate Notes	2,576,422	444,558	1,200,653	931,211
US Treasury Notes	2,220,417	74,915	1,343,053	802,449
Supranational	639,964	-	413,503	226,461
Asset Backed Security	327,155	-	144,513	182,642
Mutual Funds	1,343,987	1,343,987	-	-
California Asset Management Trust	1,007,147	1,007,147	-	-
Local Agency Investment Fund	28,590	28,590	-	-
Total	\$12,466,895	\$3,229,015	\$5,729,159	\$3,508,721

**THREE VALLEYS MUNICIPAL WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

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 risk is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO's).

State law limits investments in commercial paper and corporate bonds to the top two ratings issued by NRSROs. It is TVMWD's policy to limit its investments in these investment types to rated "A" or better issued by NRSROs, including raters S&P's and Moody's Investors Service. As of June 30, 2019, TVMWD's credit risks, expressed on a percentage basis, were as follows:

**Credit Quality Distribution for Securities
With Credit Exposure as a Percentage of Total Investments**

<u>Investment Type</u>	<u>Moody's Credit Rating</u>	<u>S&P's Credit Rating</u>	<u>% of Investment with Interest Rate Risk</u>
Federal Agency Securities	Aaa	AA+	36.80%
Federal Agency Securities	NR	AA+	1.79%
US Corporate Notes	Aaa	AA+	1.08%
US Corporate Notes	Aa1	AA+	1.13%
US Corporate Notes	Aa2	AA	2.39%
US Corporate Notes	Aa3	A+	0.72%
US Corporate Notes	A1	AA-	1.03%
US Corporate Notes	A1	A+	1.71%
US Corporate Notes	A1	A	3.33%
US Corporate Notes	A2	A+	1.23%
US Corporate Notes	A2	A	4.91%
US Corporate Notes	A2	A-	4.51%
US Corporate Notes	A3	A	1.12%
Supranational	Aaa	AAA	3.94%
Supranational	Aaa	NR	1.81%
Asset Backed Security	Aaa	AAA	1.20%
Asset Backed Security	Aaa	NR	1.37%
Asset Backed Security	NR	AAA	0.36%
Money Market Fund	Aaa	AAA	0.23%
Mutual Funds	Aaa	AAA	10.79%
California Asset Management Trust	NR	AAAm	9.05%
Local Agency Investment Fund	NR	NR	0.26%

It is not necessary to disclose the credit ratings of obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government, therefore it is not disclosed.

Fair Value Measurements

TVMWD categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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 inputs.

TVMWD has the following recurring fair value measurements as of June 30, 2019:

<u>Investments by Fair Value Level</u>	<u>Totals</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Un-observable Inputs (Level 3)</u>
Federal Agency Securities	\$ 4,292,637	\$ -	\$ 4,292,637	\$ -
US Corporate Notes	2,576,422	-	2,576,422	-
US Treasury Notes	2,220,417	-	2,220,417	-
Supranational	639,964	-	639,964	-
Asset Backed Security	327,155	-	327,155	-
Mutual Funds	1,343,987	-	1,343,987	-
California Asset Management Trust	1,007,147	-	1,007,147	-
Local Agency Investment Fund	28,590	-	28,590	-
Totals	\$12,436,319	\$ -	\$12,436,319	\$ -
Investments Measured at Amortized Cost				
Money Market Fund	30,576	-	-	-
Total Investments	\$12,466,895			

Securities and mutual funds classified in Level 1 of the fair value hierarchy are valued using priced quoted in active markets for those securities and mutual funds. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing model. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques.

Concentration of Credit Risk

TVMWD's policy is that assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. According to GASB 40, there is potential concentration of credit risk if more than 5% of the entity's investments are with any one issuer. The following investments are considered exposed to concentration of credit risk as shown in the Credit Quality Distribution for Securities Table:

- Federal National Mortgage Association
- Federal Home Loan Mortgage Corporation
- Federal Home Loan Bank
- Government of United States

**THREE VALLEYS MUNICIPAL WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside agency. TVMWD's policy is to diversify its investments by security type and institution. As of June 30, 2019, none of TVMWD's deposits or investments were exposed to custodial credit risk.

NOTE 3 – CAPITAL ASSETS

A summary of the changes in capital assets for the year ended June 30, 2019 is as follows:

	Beginning Balance 06/30/2018	Additions	Retirements*	Transfers	Ending Balance 06/30/2019
Capital assets, not being depreciated:					
Land	\$ 1,633,704	\$ -	\$ -	\$ -	\$ 1,633,704
Water Share	301,000	-	-	-	301,000
Construction in progress	1,319,177	1,262,251	-	(132,385)	2,449,043
Total capital assets, not being	3,253,881	1,262,251	-	(132,385)	4,383,747
Capital assets, being depreciated:					
Building and Building Improvement	7,521,416	-	-	-	7,521,416
Furniture, Fixtures, and Equipment	954,141	29,961	(19,806)	-	964,296
Infrastructure	56,669,340	679,414	(323,838)	132,385	57,157,301
Land Improvements	1,257,839	-	-	-	1,257,839
Vehicles	414,648	35,156	-	-	449,804
Total capital assets, being depreciated	66,817,384	744,531	(343,644)	132,385	67,350,656
Less accumulated depreciation for:					
Building and Building Improvement	6,620,971	29,184	-	-	6,650,155
Furniture, Fixture and Equipment	805,432	25,612	(16,345)	-	814,699
Infrastructure	31,658,543	1,359,429	(274,205)	-	32,743,767
Land Improvement	1,121,806	68,824	-	-	1,190,630
Vehicles	306,136	38,762	-	-	344,898
Total accumulated depreciation	40,512,888	1,521,811	(290,550)	-	41,744,149
Total capital assets, being depreciated,	26,304,496	(777,280)	(53,094)	132,385	25,606,507
Total capital assets, net	\$ 29,558,377	\$ 484,971	\$ 53,094	\$ -	\$ 29,990,254

*Replacement of the Filter Aid System, Hydropneumatic Tank and 6th and White Connection.

Depreciation expense for the year totaled \$1,521,811.



**THREE VALLEYS MUNICIPAL WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 4 – COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Awards

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

Operating Leases

TVMWD leases office equipment under non-cancelable leases. Total costs for such leases were \$25,324 for the year ended June 30, 2019. The future minimum lease payments are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2020	\$ 26,813
2021	29,104
2022	31,611
2023	<u>3,401</u>
Total	<u>\$ 90,929</u>

Contracts

TVMWD usually has a variety of agreements with private parties relating to the installation, improvement or modification of water facilities and distribution systems and other TVMWD activities. The financing of such contracts is provided primarily from TVMWD encumbered reserves. TVMWD has committed to approximately \$3,716,963 of open contracts as of June 30, 2019.

The following material construction commitments existed at June 30, 2019:

Project Name	Contract Amount	Expenditures to date as of June 30, 2019	Remaining Commitment
Grand Avenue Well	\$3,998,563	\$1,214,305	\$2,784,258
West Baseline Well	450,000	154,172	295,828
JWL Control Valve	216,912	19,528	197,384
Cadiz Project Study	197,628	-	197,628
GIS System	150,000	-	150,000
MiraGrand Well	91,865	-	91,865

NOTE 5 – POOLED ARRANGEMENTS

TVMWD is a member of the ACWA/JPIA, a risk-pooling, self-insurance authority, created under provisions of California Government Code Sections 6500 et seq. The purpose of ACWA/JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Members of ACWA/JPIA share the costs of professional risk management, claims administration and excess insurance. TVMWD participates in the property, liability and worker's compensation programs of ACWA/JPIA as follows:

Property: Insured up to replacement value. Coverage includes Special Form with Exclusions, Accidental Mechanical Breakdown (Sublimit \$100 million), Mobile Equipment Physical Damage and Vehicle Comprehension/Collision. The pooled layer is up to \$100,000 per occurrence and excess insurance coverage up to \$500 million.

General, Auto and Public Officials Liability: The pooled layer is up to \$5 million per occurrence and excess insurance coverage of up to \$60 million.

Workers' Compensation: The pooled layer is up to \$2 million per occurrence and excess insurance coverage up to \$2 million to statutory.

Settlements have not exceeded insurance coverage in each of the past three fiscal years.

NOTE 6 – RELATED PARTY TRANSACTIONS

Covina Irrigating Company (CIC)

TVMWD wholesales potable and non-potable water to its member agencies, one of which is Covina Irrigating Company (CIC). CIC is a wholesale water supplier that provides water to the City of Covina, City of Glendora, Golden State Water Company, Suburban Water Systems, Valencia Heights Water Company and Valley County Water District. The President/CEO of CIC is David De Jesus. Mr. De Jesus is also a voter elected member of the Board of Directors for TVMWD.

TVMWD began selling water to CIC in November 2015. The amount of water sold to CIC for FY 2018-2019 was 8,693 acre-feet. These sales occurred in the same manner as would occur with any TVMWD member agency. TVMWD expects sales to CIC to continue in the future.

TVMWD's rates are set annually for the calendar year and approved by the TVMWD Board of Directors. The rate charged to CIC is the same rate charged to any TVMWD member agency. The rates for 2018 and 2019 were \$695 and \$731, respectively, per acre foot. The pipeline used to deliver water to CIC is owned by San Gabriel Valley Municipal Water District (SGVMWD). SGVMWD charges a fee of \$5 per acre foot, so TVMWD (and ultimately CIC) was also responsible for this fee. For FY 2018-2019, total water sales revenue, capacity charges and fixed charges from CIC was \$6,297,058.

**THREE VALLEYS MUNICIPAL WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 6 – RELATED PARTY TRANSACTIONS (Continued)

TVMWD allows its member agencies approximately 45 days to pay for monthly water purchases. As such, TVMWD had a receivable outstanding at June 30, 2019 from CIC for June 2019 water sales, capacity charges and fixed charges of \$373,819. This receivable, due August 26, 2019, was paid by CIC on July 22, 2019.

SGV-COG Joint Powers Agreement

On June 9, 2008, TVMWD, San Gabriel Valley Municipal Water District and Upper San Gabriel Valley Municipal Water District entered into a Joint Exercise of Powers Agreement to create the San Gabriel Water District Joint Powers Authority which was required to participate as a single Member on the San Gabriel Valley Council of Governments.

The San Gabriel Valley Council of Governments (the "Council") is a Joint Powers Authority formed pursuant to Chapter 5 of Division 7, Title 1 of the Government Code of the State of California (Sections 6500, et seq.). The purpose of the Council is to provide a means for the Members to engage in regional and cooperative planning and coordination of government services and responsibilities to assist the Members in the conduct of their affairs. In addition, the Council provides a regional organization for the review of federal, state, and/or regional projects and studies which involve the use of federal, state and/or regional funds, in various forms.

The Members of the Council are 30 incorporated cities, the unincorporated communities in Los Angeles County Supervisorial Districts 1, 4, and 5, and 1 seat for the San Gabriel Water District Joint Powers Authority.

As a Member of the Council, TVMWD has limited financial liability as outlined in the Council's Fourth Amended and Restated Joint Exercise of Powers Agreement adopted on December 19, 2017. The debts, liabilities and obligations of the Council are debts, liabilities or obligations of the Council alone. No Member of the Council shall be responsible, directly or indirectly, for any obligation, debt or liability of the Council whatsoever, to the fullest extent allowed by law. No Member of the Council shall be responsible for the debts or liabilities of any other Member solely by reason of membership on the Council. Implementation agreements to provide for the design and/or construction of projects with other Members or other agencies shall provide for indemnification of the individual Members of the Council who are not parties to the contracts. TVMWD has no debt, liabilities or obligations associated with the Council as of June 30, 2019.

NOTE 7 – PENSION PLANS

Plan Descriptions

All qualified permanent, probationary and part-time vested employees are eligible to participate in TVMWD's miscellaneous employee pension plan (the Plan), a cost-sharing multiple employer defined benefit pension plan administered by CalPERS. TVMWD sponsors a plan with two tiers:

- Tier 1 – 2%@55 for employees with CalPERS membership prior to December 31, 2012, and since this date have not had a break in service of greater than six months.
- Tier 2 – 2%@62 for employees new to CalPERS since January 1, 2013 or who have had a break in service of greater than six months.

Benefit provisions under the Plan are established by State statute and TVMWD resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website (www.calpers.ca.gov).

Benefits Provided

CalPERS 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 years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (or 52 for members hired on or after January 1, 2013) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. 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 1959 Survivor Benefit (level 4) 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 California Public Employees' Retirement Law (PERL).



**THREE VALLEYS MUNICIPAL WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 7 – PENSION PLANS (continued)

The Plan's provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous	
	Prior to 1/1/13	On or after 1/1/13
CalPERS membership date		
Benefit Formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contributions rates	7%	6.25%
Required employer contributions rates	9.409%	6.842%

Contributions

Section 20814(c) of the California PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by the miscellaneous risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2019, the contributions recognized as reductions to net pension liability for the Plan were as follows:

Contributions - employer	\$363,282
Contributions - employee (paid by employer)	\$0

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources

As of June 30, 2019, TVMWD reported net pension liability for its proportionate share of the net pension liability of the Plan as follows:

Proportionate Share of Net Pension Liability	\$3,452,268
Total Net Pension Liability	

TVMWD established an irrevocable trust through PARS in an effort to reduce the pension liability and to stabilize pension costs. The trust will enable TVMWD to meet future contribution requirements to CalPERS. As of June 30, 2019 the market value of all assets held in the trust amounted to \$415,437 (including accrued interest), which in essence reduces the net pension liability.

TVMWD's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. TVMWD's proportion of the net pension liability was based on a projection of TVMWD's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. TVMWD's proportionate share of the net pension liability for the Plan as of June 30, 2018 was as follows:

Proportion - June 30, 2018	0.0009707
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For the year ended June 30, 2019, TVMWD recognized pension expense of \$498,945. At June 30, 2019, TVMWD reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$426,711	\$0
Differences between actual and expected experience	140,362	(47,764)
Changes in assumptions	417,056	(102,212)
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	141,893	0
Difference between actual and proportionate share	0	(178,502)
Net differences between projected and actual earnings on plan investments	18,086	0
Total	\$1,144,108	\$(328,478)



**THREE VALLEYS MUNICIPAL WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 7 – PENSION PLANS (continued)

The \$426,711 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

<u>Year Ending June 30</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2019	\$339,176
2020	194,466
2021	(111,819)
2022	(32,904)
2023	-
Remaining	-
Total	\$388,919

Deferred inflows and outflows are recognized in expense systematically over time. The recognition in expense for the net difference between projected and actual earnings on plan investments is 5 years and all other amounts are recognized over expected average remaining service lifetime of 3.8 years.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2018 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. Both the June 30, 2017 total pension liability and the June 30, 2018 total pension liability were based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	varies by entry age and service
Investment Rate of Return	7.15% ⁽¹⁾
Mortality	⁽²⁾
Post Retirement Benefit Increase	2.50%

⁽¹⁾ Net of pension plan investment expenses, including inflation

⁽²⁾ The mortality table used was developed based on CalPERS' specific data. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumptions

In December 2017, the CalPERS Board approved new mortality assumptions for plans participating in the Public Employees' Retirement Fund (PERF). The new mortality table derives from the December 2017 experience study. It includes 15 years of mortality improvements using 90% of scale MP 2016 by the Society of Actuaries. The inflation assumption was reduced from 2.75% to 2.50% and payroll growth was reduced from 3% to 2.75%. These assumption changes are shown in the results for fiscal year 2017-2018.

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the 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% 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% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.15%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of 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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and

**THREE VALLEYS MUNICIPAL WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 7 – PENSION PLANS (continued)

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 single equivalent expected return that arrived at the same present 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of 1%.

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 geometric rates of return are net of administrative expenses.

Asset Class¹	Assumed Asset Allocation	Real Return Years 1-10²	Real Return Years 11+³
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92)%

¹In the CalPERS' CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

²An expected inflation of 2.00% used for this period.

³An expected inflation of 2.92% used for this period.

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

The following presents TVMWD's proportionate share of the net pension liability for the Plan, calculated using the discount rate for each tier, as well as what the TVMWD's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Net Pension Liability		
Discount Rate-1%	Current Discount Rate	Discount Rate+1%
6.15%	7.15%	8.15%
\$ 5,670,207	\$ 3,452,268	\$ 1,621,395

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, CA 95811.

Payable to the Pension Plan

At June 30, 2019, TVMWD reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

NOTE 8 – DEFERRED COMPENSATION PLANS

457 Deferred Compensation Savings Plan

TVMWD participates in two 457 Deferred Compensation Programs (Programs) administered by Lincoln Financial Services and CalPERS. Both plans qualify as defined contribution pension plans. The purpose is to provide deferred compensation for employees that elect to participate in the Programs. Generally, eligible employees may voluntarily defer receipt of a portion of their salary until termination, retirement, death or unforeseen emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes. TVMWD matches employee contributions up to \$4,800 per year. The plan is authorized and may be amended by the Board of Directors. Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, TVMWD is in compliance with this legislation. Therefore, these assets are not the legal property of TVMWD and are not subject to claims of TVMWD's general creditors. Market value of all plan assets held in trust by the two TVMWD plans amounted to \$6,394,776 at June 30, 2019.

TVMWD has implemented GASB Statement 32, Accounting for Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Since TVMWD has little administrative involvement and does not perform the investing function of this plan, the assets and related liabilities are not shown on the statement of net position.

401(a) Defined Contribution Plan

TVMWD participates in a 401(a) plan (a defined contribution plan), administered by Lincoln Financial Services. The purpose of this plan is to provide an additional option for employees who fully contribute to the 457 Plan. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes. Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. The plan is authorized and may be amended by the Board of Directors.

R E T I R E M E N T

**THREE VALLEYS MUNICIPAL WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

**NOTE 8 – DEFERRED COMPENSATION PLANS
(continued)**

Accordingly, TVMWD is in compliance with this legislation. Therefore, these assets are not the legal property of TVMWD and are not subject to claims of TVMWD's general creditors. Market value of all plan assets held in trust by TVMWD plan amounted to \$51,116 at June 30, 2019.

TVMWD has implemented GASB Statement 32, Accounting for Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Since TVMWD has little administrative involvement and does not perform the investing function of this plan, the assets and related liabilities are not shown on the statement of net position.

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS

Plan Administration

TVMWD administers the Retiree Benefits Plan—a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all TVMWD permanent full-time employees.

Management of the TVMWD Retiree Benefits Plan is vested in the Board of Directors (the Board), which consists of seven members elected by the registered voters residing within TVMWD's boundaries.

Plan membership

At June 30, 2019, TVMWD Retiree Benefits Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	9
Inactive plan members entitled to but not yet receiving benefit payments	0
Active plan members	25
Total	34

Benefits

TVMWD offers continued medical coverage to employees who retire from TVMWD at age 50 or older with a minimum of 10 years of service. The retired employee may continue medical coverage through either their own personal medical insurance or ACWA/JPIA. For eligible retirees hired prior to January 1, 2005, TVMWD provides 50% (plus an additional 10% for each additional year of service at retirement in excess of 10 years – not to exceed 100%) of the lesser of \$355 per month or the

cost for single medical coverage. For eligible retirees hired on or after January 1, 2005 with 10 years of TVMWD service, TVMWD provides 50% (plus an additional 5% for each additional year of service at retirement in excess of 10 years – not to exceed 100%) of the lesser of \$355 per month or the cost for single medical coverage. For employees retiring on or after January 1, 2015, the monthly benefits cap increased from \$355 to \$600. Employees retiring on or after January 1, 2015 may cover dependents, but the retiree must pay the entire dependents premiums. Retirees must pay the portion of the coverage, if any not covered by their benefits. Employees retiring on or after December 5, 2018, may claim dental and vision premiums in addition to medical premiums, not to exceed the \$600 cap. The dental and vision plans must be obtained by the retirees on their own. This plan is authorized and may be amended by the Board of Directors.

Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to pre-fund benefits as determined annually by the Board. Plan members are not required to contribute to the plan. Any additional amounts for pre-funding are deposited into an irrevocable trust from which funds can only be used to pay for retiree medical coverage. Separate financial statements for the irrevocable trust may be obtained by writing to PARS at 4350 Von Karman Ave., Suite 100 Newport Beach, CA 92660-2043 or by visiting the PARS website at www.pars.org. For the year ended June 30, 2019, TVMWD's average contribution rate was 1.56% of covered-employee payroll.

Investments

TVMWD's policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

The following was the Board's adopted asset allocation policy as of June 30, 2019:

Asset Class	Target Allocation
Mutual Funds-Equity	51%
Mutual Funds-Fixed Income	45%
Cash and Equivalents	4%
Total	100%

Rate of return

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 6.07%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**THREE VALLEYS MUNICIPAL WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

**NOTE 9 – OTHER POST EMPLOYMENT BENEFITS
(Continued)**

Net OPEB Liability

The components of the Net OPEB Liability at June 30, 2019 were as follows:

Total OPEB Liability	\$1,465,246
Plan fiduciary net position	(928,889)
TVMWD's net OPEB Liability	<u>\$ 536,357</u>
Plan fiduciary net position as a percentage of the total OPEB liability	63%

Deferred outflows and inflows of resources related to OPEB as of June 30, 2019 were:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$87,104	\$0
Changes in assumptions	211,880	0
Net differences between projected and actual earnings on OPEB investments	2,494	0
Total	\$301,478	\$0

Amounts reported as deferred outflows and inflows will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2020	\$41,775
2021	41,777
2022	41,729
2023	40,505
2024	40,823
Thereafter	94,869
Total	<u>\$301,478</u>

Deferred inflows and outflows are recognized in expense systematically over time. The recognition in expense for the net difference between projected and actual earnings on plan investments is 5 years and all other amounts are recognized over expected average remaining service lifetime of 9.5 years.

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2017. Update procedures were used to roll forward the total OPEB liability to June 30, 2019. The following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	3.00%, average, including inflation
Investment rate of return	6.07%, net of OPEB plan investment expense, including inflation. At 6-30-2019 the rate was 6.07%
Healthcare cost trend rates	5% for 2019, 5% for all later years

Mortality rates were taken from the 2014 CalPERS OPEB Assumptions Model.

Discount rate

The discount rate used to measure the total OPEB liability was 6.15%. The projection of cash flows used to determine the discount rate assumed that TVMWD's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of TVMWD, as well as what TVMWD's net OPEB liability would be if it were calculated using a discount rate that is 1% point lower (5.15%) or 1% point higher (7.15%) than the current discount rate:

Net OPEB Liability		
1% Decrease 5.15%	Discount Rate 6.15%	1% Increase 7.15%
\$ 755,724	\$ 536,357	\$ 358,067

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of TVMWD, as well as what TVMWD's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (5% decreasing to 4.0%) or 1% point higher (5.0% increasing to 6%) than the current healthcare cost trend rates:

Net OPEB Liability		
1% Decrease 4%	Healthcare Cost Trend Rate 5%	1% Increase 6%
\$ 457,627	\$ 536,357	\$ 622,338

**THREE VALLEYS MUNICIPAL WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (Continued)

The long-term expected rate of return of 6.07% on OPEB plan investments was calculated the following way:

1. The expected return of each asset class is determined through a combination of historical rates of returns, valuation projections, and economic expectations. Expected rates of return are provided by Wilshire Associates Incorporated and HighMark proprietary research. Expected rates of return are developed and annually reviewed by HighMark's Asset Allocation Committee.
2. With thirty year forecasts for U.S. Treasuries, Wilshire's ten year forecast for U.S. Treasuries is used as the assumed return for the first ten years of the thirty year period. Over the following twenty years (years 11-thirty) U.S. Treasuries are assumed to return a historical long run (1926-2014) risk premium over inflation. The resulting combination of the assumed return on U.S. Government bonds over the two periods becomes HighMark's thirty year forecast. All other taxable fixed income asset classes are derived from the expected return on U.S. Treasuries plus a credit or term premium consistent with those of the ten year forecasts.
3. With thirty year forecasts for global equity, Wilshire's ten year forecast for global equity is used as the assumed return for the first ten years of the thirty year period. Over the following twenty years (years 11-30) global equities are assumed to return historical long run (1926-2014) risk premiums over cash. The return on cash over this period is derived from the ten and thirty year cash assumptions. The resulting combination of the assumed global equity returns over the two periods becomes HighMark's thirty year forecast.
4. Returns reflect the reinvestment of dividends, interests, and other distributions.
5. An expected return is then calculated by weighting the returns for each asset class according to the exposure as determined by HighMark's current strategic allocation.

RETIREMENT PLANNING





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REQUIRED SUPPLEMENTARY INFORMATION



SCHEDULE 1

Three Valleys Municipal Water District
 Miscellaneous Cost-Sharing Pension Plan
 Schedule of the Plan's Proportionate Share of the Net Pension Liability
 As of June 30, For The Last Ten Fiscal Years ⁽¹⁾

FY	Proportion of the Net Pension Liability/(Asset)	Proportionate Share of the Net Pension Liability/(Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered Payroll	Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
2019	0.09707%	\$ 3,452,268	\$ 2,662,296	129.67%	78.94%
2018	0.09680%	\$ 3,518,869	\$ 2,539,815	138.55%	75.38%
2017	0.09532%	\$ 2,953,009	\$ 2,419,392	122.06%	75.87%
2016	0.07819%	\$ 2,145,000	\$ 2,400,313	89.36%	79.82%
2015	0.03310%	\$ 2,059,901	\$ 2,287,837	90.04%	78.40%

Notes to Schedule:

Benefit Changes: None.

Change of Assumption: New mortality table, 15 years of mortality improvements using 90% of scale MP 2016 by the Society of Actuaries.

⁽¹⁾ Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only five years are shown.

NOTE: Accounting standard 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.

SOURCE: CalPERS GASB 68 Accounting Valuation Report

SCHEDULE 2

Three Valleys Municipal Water District
 Miscellaneous Cost-Sharing Pension Plan
 Schedule of the Plan Contributions - California Public Employees Retirement Plan
 For the Year Ended June 30, 2019

FY	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll	Valuation date
2019	\$ 426,711	\$ (426,711)	\$ -	\$ 2,750,395	15.515%	6/30/2017
2018	\$ 363,282	\$ (363,282)	\$ -	\$ 2,662,296	13.645%	6/30/2016
2017	\$ 324,213	\$ (324,213)	\$ -	\$ 2,539,815	12.765%	6/30/2015
2016	\$ 286,627	\$ (286,627)	\$ -	\$ 2,419,392	11.847%	6/30/2014
2015	\$ 272,007	\$ (272,007)	\$ -	\$ 2,400,313	11.332%	6/30/2013

Note to Schedule:

Methods and assumptions used to determine contributions rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll and direct rate smoothing
Asset valuation method	Market value
Inflation	2.50%
Salary increases	varies by entry age and service
Investment rate of return	7.15%
Retirement age	50-63 for 2% @ 55 and 52-67 for 2% @ 62
Mortality	The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90% of scale MP 2016 by Society of Actuaries. For more details on this table, please refer to the December 2017 experience study report.

NOTE: Accounting standard 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.

SOURCE: CalPERS GASB 68 Accounting Valuation Report

SCHEDULE 3

Three Valleys Municipal Water District
 Schedule of Changes in Net OPEB Liability and Related Ratios
 For the Year Ended June 30, 2019

FISCAL YEAR	2019	2018	2017
Total OPEB Liability			
Service cost	\$ 35,365	\$ 34,335	\$ 22,989
Interest	84,221	65,379	63,032
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	110,332	-
Changes of assumptions	-	140,935	143,737
Benefit payments	(47,588)	(41,611)	(23,007)
Net changes in total OPEB liability	71,998	309,370	206,751
Total OPEB liability - beginning	\$1,393,247	\$1,083,877	\$ 877,126
Total OPEB liability - ending (a)	<u>\$1,465,245</u>	<u>\$1,393,247</u>	<u>\$1,083,877</u>
Plan fiduciary net position			
Contributions-employer	\$ 47,588	\$ 41,611	\$ 138,561
Net investment income	55,386	45,031	52,341
Benefit payments	(47,588)	(41,611)	(23,007)
Administrative expense	(2,212)	(2,158)	(1,157)
Net changes in plan fiduciary net position	53,174	42,873	166,738
Plan fiduciary net position-beginning	875,715	832,842	666,104
Plan fiduciary net position-ending (b)	<u>\$ 928,889</u>	<u>\$ 875,715</u>	<u>\$ 832,842</u>
Net OPEB liability	<u>\$ 536,357</u>	<u>\$ 517,532</u>	<u>\$ 251,035</u>
Plan fiduciary net position as a percentage of the total OPEB liability	63%	63%	77%
Covered-employee payroll	\$2,750,395	\$2,662,296	\$2,539,815
TVMWD's net OPEB liability as a percentage of covered-employee payroll	19.50%	19.44%	9.88%

Note: Accounting standard 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.

SOURCE: OPEB Actuarial Valuation

SCHEDULE 4

Three Valleys Municipal Water District
 Schedule of Contributions - OPEB
 For the Year Ended June 30, 2019

FY	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contribution as a Percentage of Covered-Employee Payroll	Valuation date
2019	\$ 47,588	\$ (30,971)	\$ 16,617	\$ 2,750,395	1.73%	7/1/2017
2018	\$ 41,611	\$ (27,470)	\$ 14,141	\$ 2,662,296	1.56%	7/1/2017
2017	\$ 39,410	\$ (39,410)	\$ -	\$ 2,539,815	1.55%	7/1/2015

Note to Schedule:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contributions rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Amortization period	21 years
Asset valuation method	Fair value
Inflation	2.75%
Healthcare cost trend rates	5.5% for 2019, 5% for all later years
Salary increases	3.00% per year
Investment rate of return	6.07%, net of OPEB plan investment expense, including inflation.
Retirement age	Probabilities of retirement at different ages are taken from the 2014 CalPERS OPEB Assumptions Model
Mortality	Mortality rates were taken from the 2014 CalPERS OPEB Assumptions Model

SCHEDULE 5

Three Valleys Municipal Water District
Schedule of Investment Returns - OPEB Trust
Last Ten Fiscal Years

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2019	6.07%
2018	6.15%
2017	7.94%

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

SOURCE: TVMWD - Finance Department

STATISTICAL SECTION



**THREE VALLEYS MUNICIPAL WATER DISTRICT
STATISTICAL SECTION
For the Year Ended June 30, 2019**

This part of TVMWD's CAFR presents detailed information as a context for understanding what the information in the accompanying financial statements and notes to the basic financial statements says about TVMWD's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how TVMWD's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting TVMWD's ability to generate revenues.

Debt Capacity

These schedules present information to help the reader assess the affordability of TVMWD's current levels of outstanding debt and TVMWD's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which TVMWD's financial activities take place and to help make comparisons over time and with other agencies.

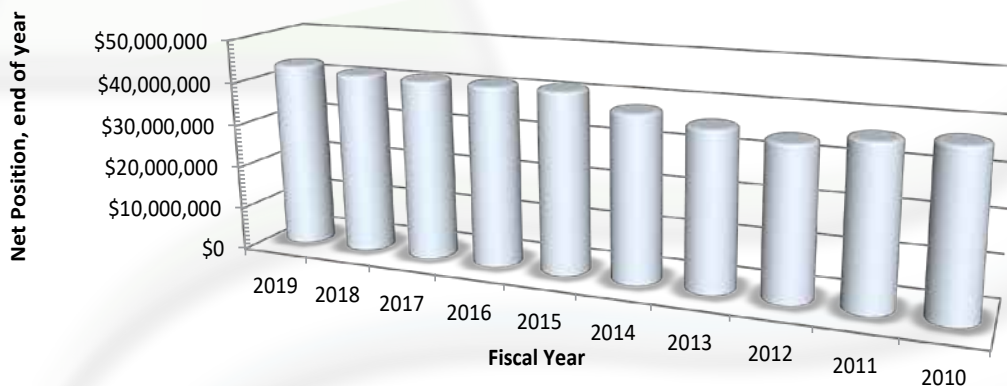
Operating Information

These schedules contain information about TVMWD's operations and resources to help the reader understand how TVMWD's financial information relates to the services TVMWD provides and the activities it performs.

SCHEDULE 1

**Three Valleys Municipal Water District
Changes in Net Position
Last Ten Fiscal Years**

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating revenues (see Schedule 3)	\$ 67,239,719	\$ 64,251,879	\$ 65,041,248	\$ 55,387,218	\$ 58,657,568	\$ 66,759,939	\$ 59,240,205	\$ 50,665,608	\$ 48,780,881	\$ 42,547,611
Operating expenses (see Schedule 4)	69,081,691	66,272,700	66,736,601	57,910,157	61,091,237	68,546,823	60,088,682	53,638,803	51,179,455	43,935,929
Total operating income (loss)	(1,841,972)	(2,020,821)	(1,695,353)	(2,522,939)	(2,433,669)	(1,786,884)	(848,477)	(2,973,195)	(2,398,574)	(1,388,318)
Nonoperating revenues (expenses)										
Property tax revenue	2,481,726	2,291,505	2,266,019	2,091,254	2,014,754	1,886,998	1,958,128	1,783,167	1,636,394	1,674,451
Sublease income	-	-	-	-	5,775,000	821,303	832,593	832,946	844,434	838,412
Investment income	513,710	3,089	25,793	226,747	136,976	236,128	72,974	311,222	352,529	656,200
Intergovernmental grants revenue	-	-	-	6,121	46,924	115,962	-	-	-	-
Intergovernmental grants expense	-	-	-	(6,121)	(46,924)	(115,962)	-	-	-	-
Interest expense	-	-	-	-	-	(29,787)	(221,353)	(327,853)	(398,839)	(460,411)
Amortization of deferred bond costs/refunding	-	-	-	-	-	(195,647)	(183,225)	(221,097)	(221,096)	(221,096)
Reimbursements revenue	-	-	-	-	-	-	-	-	33,945	56,093
Gain (loss) on sale of assets	(52,553)	(40,400)	(88,421)	(40,173)	(12,109)	(104,254)	(3,297)	(2,339)	-	-
Other non-operating revenues (expenses)	-	-	-	-	-	-	-	-	-	-
Total nonoperating revenues (expenses)	2,942,883	2,254,194	2,203,391	2,277,828	7,914,621	2,614,741	2,455,820	2,376,046	2,247,367	2,543,649
Net income before contributions and change in accounting principle	1,100,911	233,373	508,038	(245,111)	5,480,952	827,857	1,607,343	(597,149)	(151,207)	1,155,331
Contributions	98,500	2,000	5,250	111,150	618,666	1,742,423	-	-	-	-
Change in net position	1,199,411	235,373	513,288	(133,961)	6,099,618	2,570,280	1,607,343	(597,149)	(151,207)	1,155,331
Net Position, beginning of year	42,135,538	41,900,165	41,858,315	41,992,276	38,463,002	36,506,223	34,949,375	36,894,832	37,581,089	36,425,758
Prior period adjustment	-	-	(471,438) ⁶	-	(2,570,344) ⁵	(613,501) ⁴	(50,495) ³	(1,348,308) ²	(535,050) ¹	-
Net Position, end of year, as restated (see Schedule 2)	\$ 43,334,949	\$ 42,135,538	\$ 41,900,165	\$ 41,858,315	\$ 41,992,276	\$ 38,463,002	\$ 36,506,223	\$ 34,949,375	\$ 36,894,832	\$ 37,581,089



¹ Prior Period Adjustment related to disposal of capital assets.

² Prior Period Adjustment related to removal of prepaid pension asset.

³ Prior Period Adjustment related to change in accounting principle.

⁴ Prior Period Adjustment related to removal of MWD assets.

⁵ Prior Period Adjustment related to GASB 68.

⁶ Prior Period Adjustment related to GASB 75.

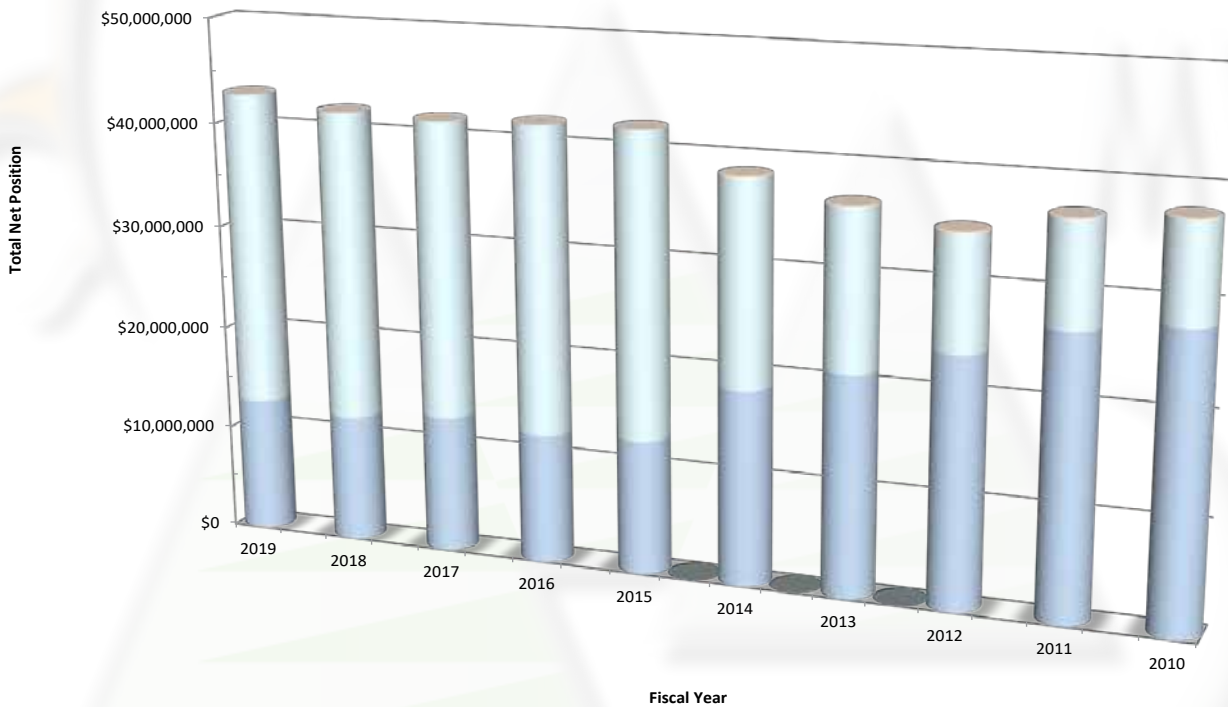
NOTE: Revenues and expenses in prior years may be reclassified to conform to current year presentation.

SOURCE: TVMWD - Finance Department

SCHEDULE 2

Three Valleys Municipal Water District
 Components of Net Position
 Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net investment in capital assets	\$ 29,990,254	\$ 29,558,377	\$ 28,369,643	\$ 29,354,853	\$ 29,078,712	\$ 19,483,706	\$ 15,073,992	\$ 10,791,926	\$ 9,747,308	\$ 9,288,517
Restricted for debt service	-	-	-	-	-	225,000	227,163	227,203	226,165	226,153
Restricted for pensions	415,437	341,101	338,096	-	-	-	-	-	-	-
Unrestricted	12,929,258	12,236,060	13,192,426	12,503,462	12,913,564	18,754,296	21,205,068	23,930,246	26,921,359	28,066,419
Total Net Position	\$ 43,334,949	\$ 42,135,538	\$ 41,900,165	\$ 41,858,315	\$ 41,992,276	\$ 38,463,002	\$ 36,506,223	\$ 34,949,375	\$ 36,894,832	\$ 37,581,089



¹ Increase due to significant increase in capital assets and construction in progress during fiscal year.

NOTE: Revenues and expenses in prior years may be reclassified to conform to current year presentation.

SOURCE: TVMWD - Finance Department

SCHEDULE 3

**Three Valleys Municipal Water District
Operating Revenues by Source
Last Ten Fiscal Years**

Fiscal Year	Water Sales¹	Hydroelectric Sales	Water Use and Connection Charges	Total Operating Revenues
2019	\$ 61,659,318	\$ 215,037	\$ 5,365,364	\$ 67,239,719
2018	58,728,537	23,870	5,499,472	64,251,879
2017	58,662,799	204,856	6,173,593	65,041,248
2016	48,374,543	98,142	6,914,533	55,387,218
2015	51,527,963	122,614	7,006,991	58,657,568
2014	60,281,711	190,561	6,287,667	66,759,939
2013	52,729,124	196,465	6,314,616	59,240,205
2012	45,097,918	117,593	5,450,097	50,665,608
2011	43,658,124	203,608	4,919,149	48,780,881
2010	37,256,856	281,702	5,009,053	42,547,611



¹ Water sales will vary depending upon a variety of external factors beyond TVMWD's control such as rainfall, population growth and supply fluctuations.

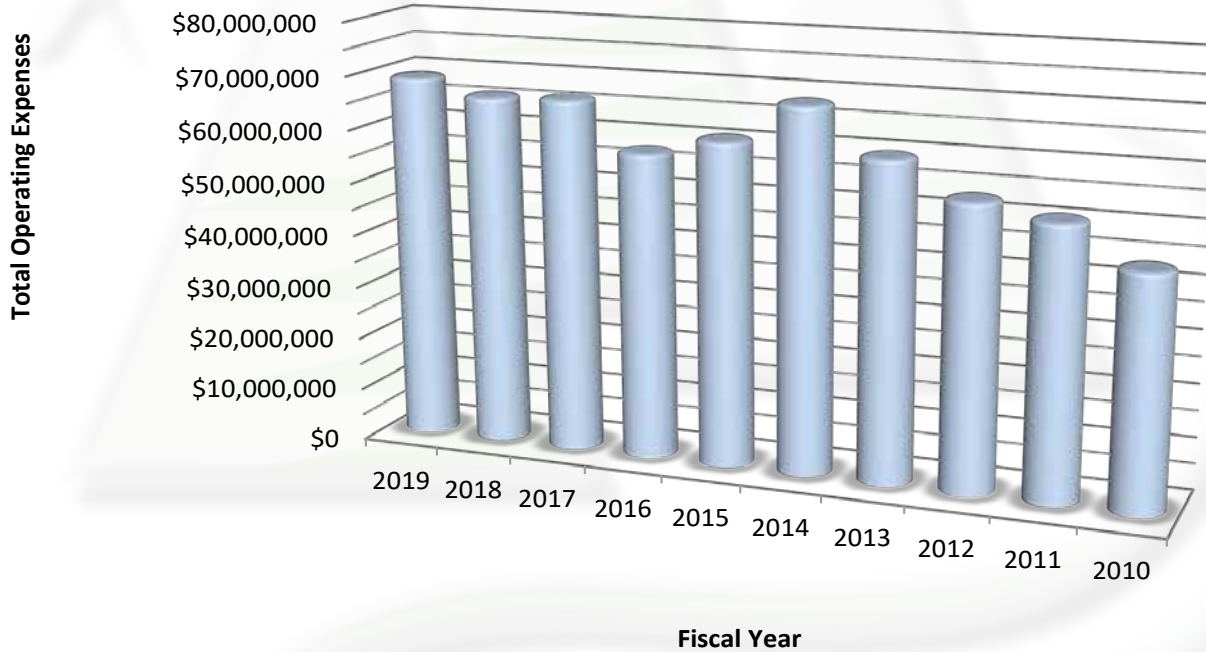
NOTE: Revenues in prior years may be reclassified to conform to current year presentation.

SOURCE: TVMWD - Finance Department

SCHEDULE 4

**Three Valleys Municipal Water District
Operating Expenses by Activity
Last Ten Fiscal Years**

Fiscal Year	Water Purchases¹	Water Treatment and Distribution	Water Use and Connection	General and Administration	Depreciation	Total Operating Expenses
2019	\$ 55,670,169	\$ 2,848,109	\$ 4,720,544	\$ 4,321,058	\$ 1,521,811	\$ 69,081,691
2018	52,987,129	2,891,079	4,887,541	3,928,897	1,578,054	66,272,700
2017	52,807,504	2,891,120	5,490,812	3,639,407	1,907,758	66,736,601
2016	43,514,064	2,543,649	6,323,886	3,304,582	2,223,976	57,910,157
2015	46,955,630	2,711,483	6,182,531	3,210,145	2,031,448	61,091,237
2014	55,401,389	2,648,714	5,254,027	3,347,977	1,894,716	68,546,823
2013	47,625,454	2,402,677	4,863,177	3,206,754	1,990,620	60,088,682
2012	41,371,120	2,316,509	4,645,695	3,377,341	1,928,138	53,638,803
2011	39,809,995	2,173,056	4,136,576	3,171,603	1,888,225	51,179,455
2010	33,442,860	2,084,430	3,512,201	3,021,927	1,874,511	43,935,929



¹ Water purchases will vary depending upon a variety of external factors beyond TVMWD's control such as rainfall, population growth and supply fluctuations.

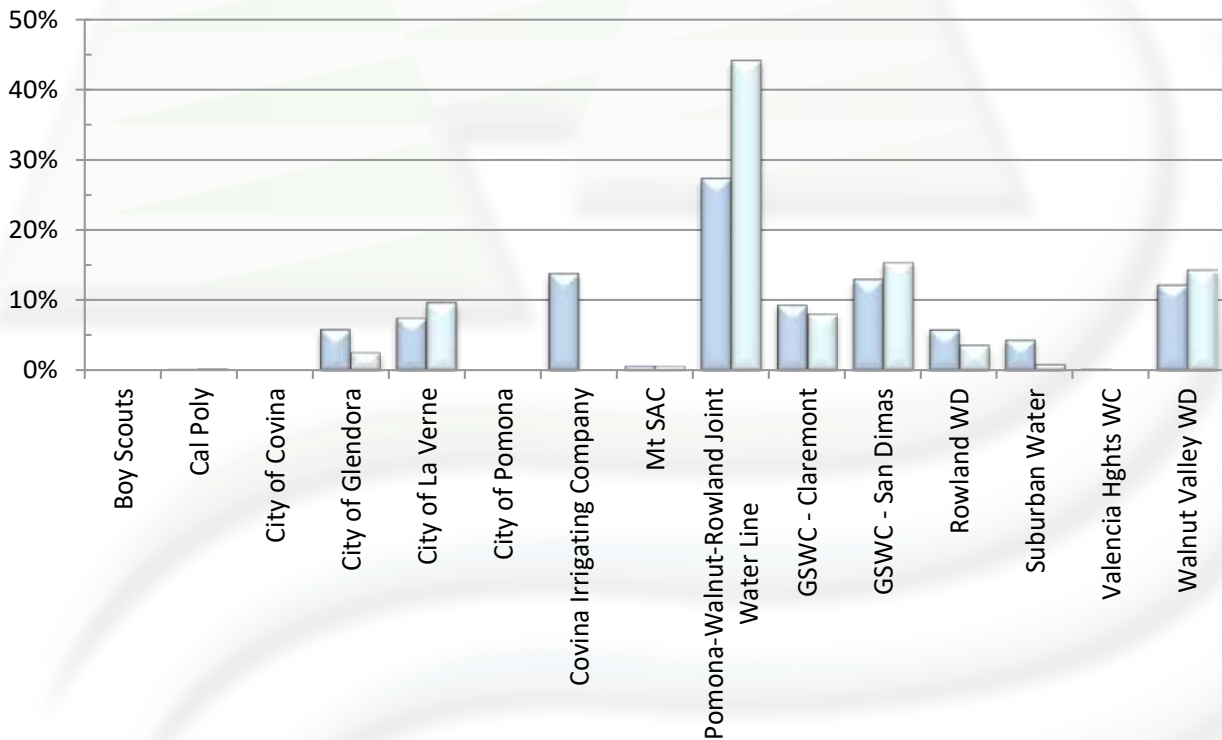
NOTE: Expenses in prior years may be reclassified to conform to current year presentation.

SOURCE: TVMWD - Finance Department

SCHEDULE 5

Three Valleys Municipal Water District
 Principal Water Customers Changes in Past Ten Years
 Current Fiscal Year and Nine Years Ago

Member Agency	Acre-Feet Sold FY 2019	Percentage of total	Acre-Feet Sold FY 2010	Percentage of total
Boy Scouts of America - Firestone Reservation	19	0.03%	15	0.03%
California State Polytechnic University, Pomona	105	0.17%	150	0.27%
City of Covina	-	0.00%	29	0.05%
City of Glendora	3,683	5.85%	1,465	2.60%
City of La Verne	4,725	7.50%	5,488	9.72%
City of Pomona	-	0.00%	-	0.00%
Covina Irrigating Company	8,693	13.81%	-	0.00%
Mt. San Antonio College	431	0.68%	389	0.69%
Pomona-Walnut-Rowland Joint Water Line	17,154	27.25%	24,928	44.15%
Golden State Water Company - Claremont	5,847	9.29%	4,544	8.05%
Golden State Water Company - San Dimas	8,144	12.93%	8,721	15.44%
Rowland Water District	3,629	5.76%	2,050	3.63%
Suburban Water Systems	2,735	4.34%	530	0.94%
Valencia Heights Water Company	130	0.21%	58	0.09%
Walnut Valley Water District	7,668	12.18%	8,100	14.34%
	62,963	100.00%	56,467	100.00%

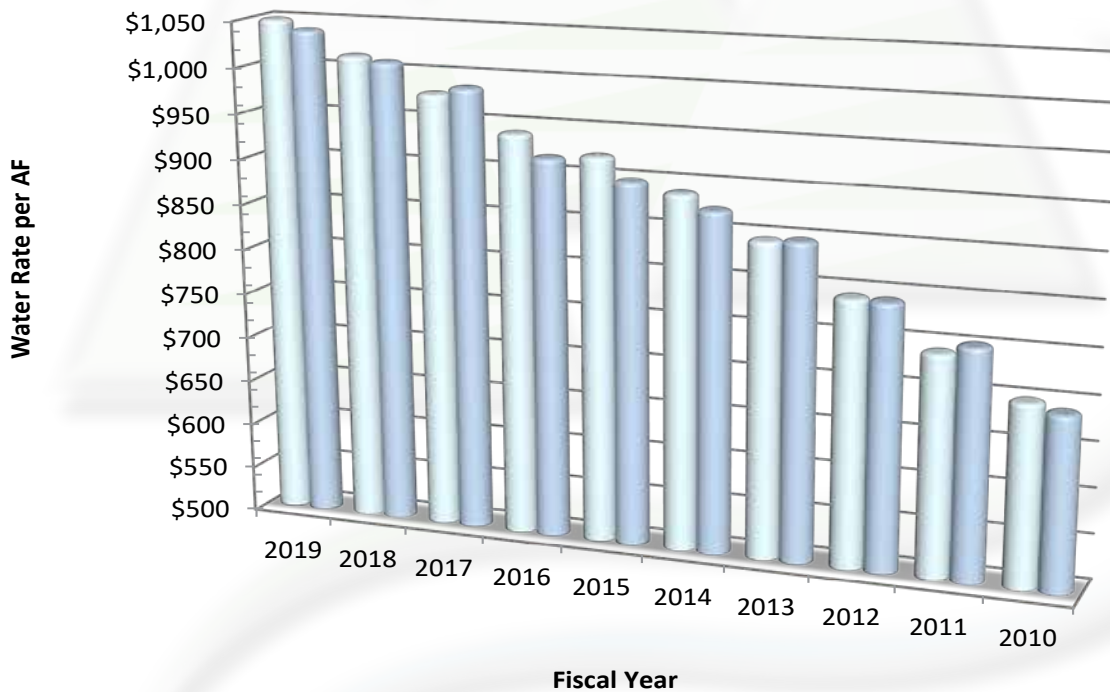


SOURCE: TVMWD - Finance Department

SCHEDULE 6

Three Valleys Municipal Water District
Water Rates for MWD and TVMWD Water Sold
 Last Ten Calendar Years

Calendar Year	MWD Water Rate	Surcharge / Discount	TVMWD Water Rate
2019	\$ 1,050	\$ (10)	\$ 1,040
2018	1,015	(5)	1,010
2017	979	8	987
2016	942	(24)	918
2015	923	(24)	899
2014	890	(15)	875
2013	847	2	849
2012	794	(1)	793
2011	744	10	754
2010	701	(9)	692



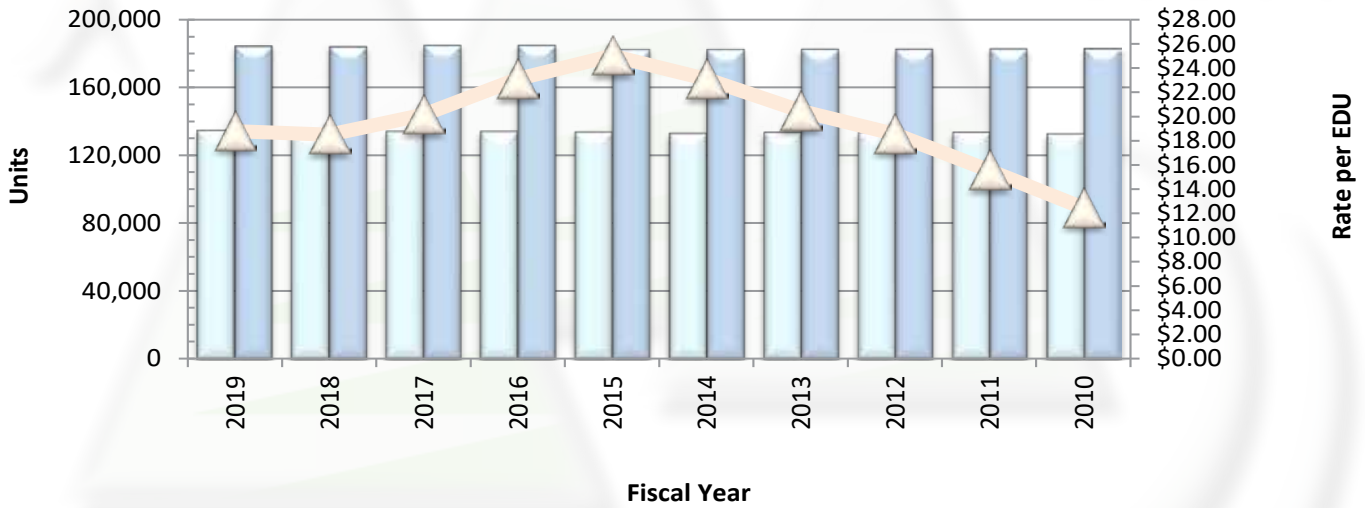
Note: All amounts are per acre foot.

SOURCE: TVMWD - Finance Department

SCHEDULE 7

Three Valleys Municipal Water District
 Standby Charge Assessment Per Equivalent Dwelling Unit (EDU)
 Last Ten Fiscal Years

Fiscal Year	Parcels ¹	EDUs ²	Rate per EDU ³
2019	134,530	184,693	\$18.79
2018	134,019	184,484	\$18.51
2017	133,986	185,153	\$20.16
2016	133,949	185,144	\$23.09
2015	133,653	182,768	\$25.02
2014	132,918	182,732	\$23.11
2013	133,421	182,902	\$20.46
2012	133,406	182,893	\$18.54
2011	133,428	183,118	\$15.55
2010	132,594	183,325	\$12.45



¹ All parcels in service area including residential, commercial, vacant and industrial. Excluded parcels are public streets, right-of-ways, easements and public property.

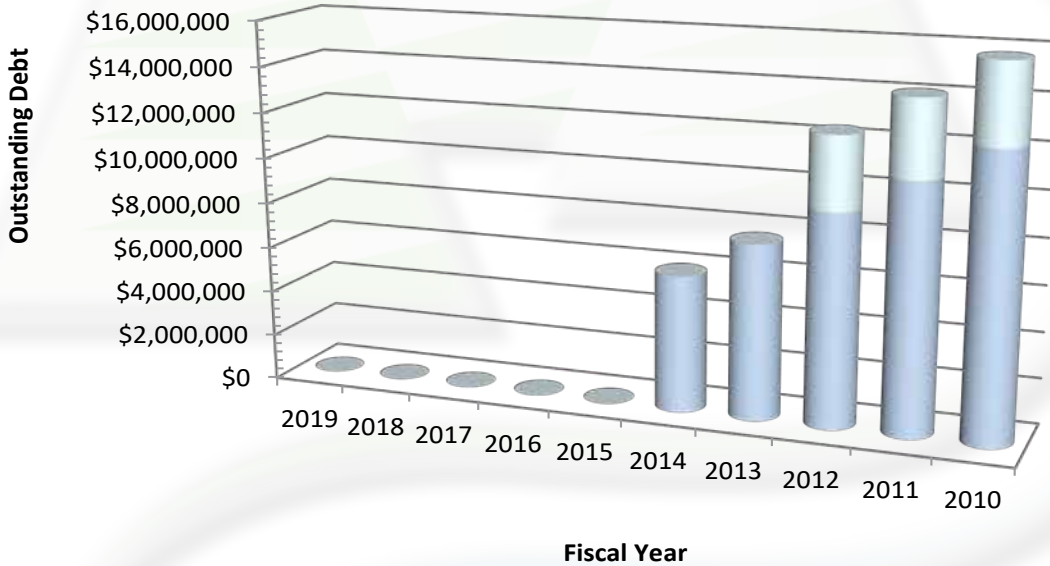
² EDUs are assigned to each parcel in proportion to the estimated benefit it receives from the availability of water service. A Single Family Residential parcel, the basic unit for calculating the Assessment, is defined as 1.0 EDU. Other land uses are assigned proportional EDUs.

³ MWD imposed a Readiness to Serve (RTS) charge on TVMWD to pay for capital improvements at MWD. TVMWD adopted a Standby Charge to pass the RTS charge through, at cost, to property owners within its service area. In the years prior to FY 06/07, the Standby Charge rate per EDU remained unchanged, even though TVMWD did not collect the full amount of its RTS obligation. In FY 06/07, TVMWD raised the rate per EDU to capture the entire cost of the RTS charge, and eliminated a monthly charge it had imposed on member agencies for the difference.

SCHEDULE 8

Three Valleys Municipal Water District
 Ratio of Outstanding Debt
 Last Ten Fiscal Years

Fiscal Year	Certificates of Participation	Installment Sales Agreement	Per Capita	Outstanding Debt as a Share of Personal Income
2019	\$ -	\$ -	\$ -	0.00%
2018	-	-	-	0.00%
2017	-	-	-	0.00%
2016	-	-	-	0.00%
2015	-	-	-	0.00%
2014	6,000,000	-	11.81	0.02%
2013	7,654,353	-	15.11	0.03%
2012	9,266,129	3,167,070	24.61	0.05%
2011	10,817,903	3,306,356	28.04	0.06%
2010	12,324,678	3,438,978	31.38	0.07%

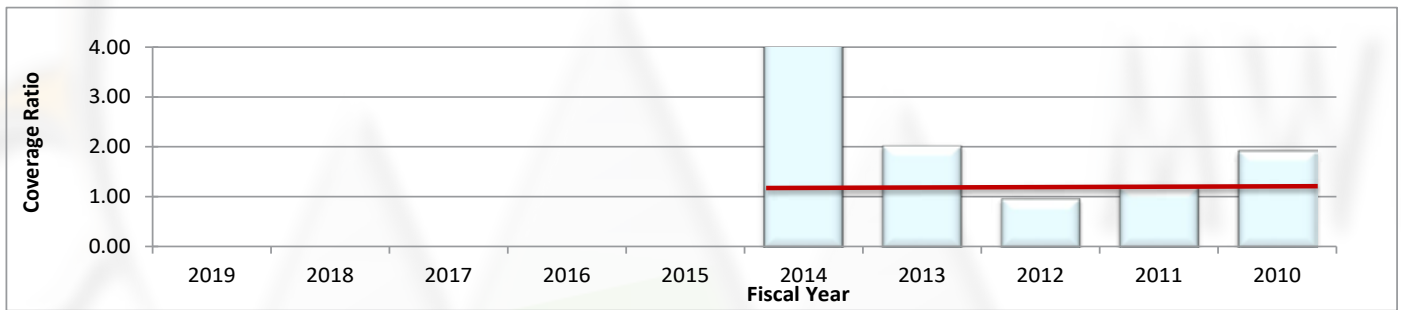


SCHEDULE 9

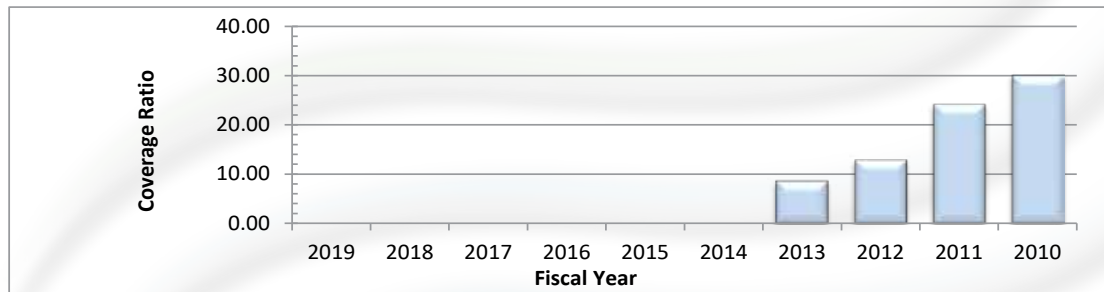
**Three Valleys Municipal Water District
Debt Coverage
Last Ten Fiscal Years**

2003 COP

Fiscal Year	Revenues ¹	Expenses ²	Net Available Revenue	Debt Service		Total	Coverage Ratio ³
				Principal	Interest		
2019	\$ 70,182,360	\$ 67,559,636	\$ 2,622,724	\$ -	\$ -	\$ -	0.00
2018	66,505,460	64,694,646	1,810,814	-	-	-	0.00
2017	67,243,154	64,828,844	2,414,310	-	-	-	0.00
2016	57,668,990	55,692,302	1,976,688	-	-	-	0.00
2015	66,619,113	59,059,789	7,559,324	-	-	-	0.00
2014	69,716,076	66,652,107	3,063,969	-	29,787	29,787	102.86
2013	62,100,603	58,098,062	4,002,541	1,850,000	104,599	1,954,599	2.05
2012	53,590,604	51,710,665	1,879,939	1,735,000	166,310	1,901,310	0.99
2011	51,648,183	49,291,230	2,356,953	1,690,000	228,903	1,918,903	1.23
2010	45,772,767	42,061,418	3,711,349	1,620,000	285,699	1,905,699	1.95



Fiscal Year	Unencumbered Cash and Cash Equivalents	Debt Service		Total	Coverage Ratio ³
		Principal	Interest		
2019	\$ 3,968,050	\$ -	\$ -	\$ -	0.00
2018	1,803,767	-	-	-	0.00
2017	5,068,989	-	-	-	0.00
2016	3,728,324	-	-	-	0.00
2015	2,315,773	-	-	-	0.00
2014	3,509,585	-	-	-	0.00
2013	2,643,326	146,289	156,269	302,558	8.74
2012	3,937,407	139,286	161,543	300,829	13.09
2011	7,356,510	132,622	169,936	302,558	24.31
2010	9,072,259	126,279	174,712	300,991	30.14



¹ Revenues include operating and non-operating revenues less GSWC interest payments.

² Expenses include operating and non-operating expenses less depreciation, amortization and interest.

³ Bond covenant debt coverage ratio of 1.15 is now 0 because debt has been fully repaid.

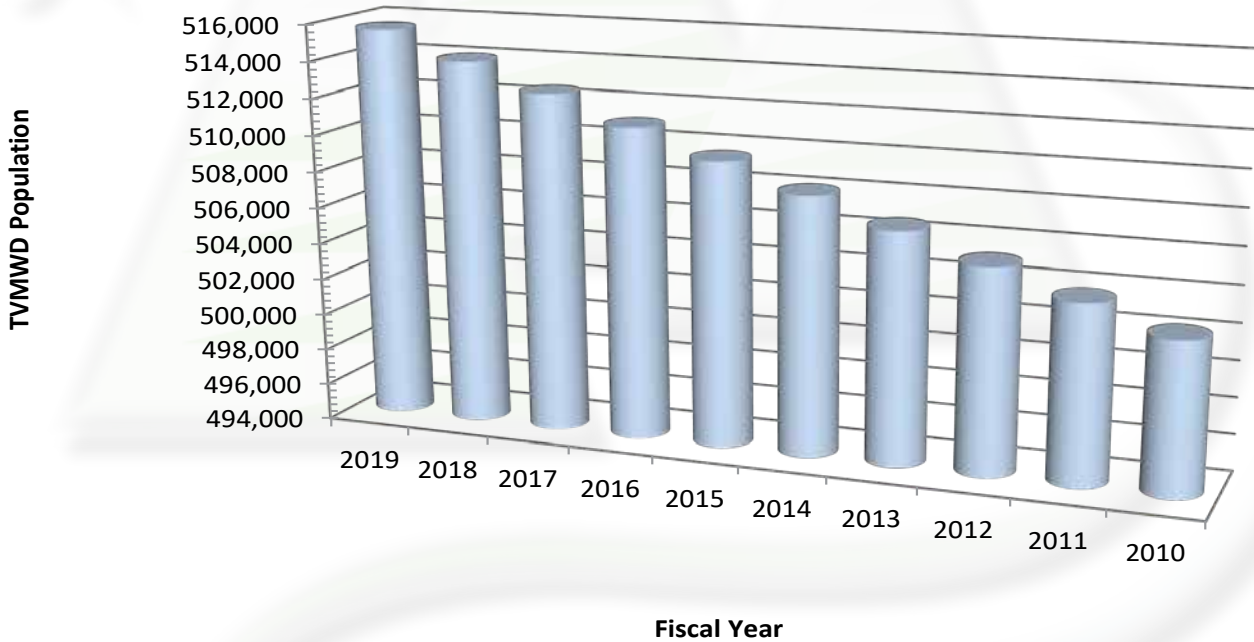
NOTE: Revenues and expenses in prior years may be reclassified to conform to current year presentation.

SOURCE: TVMWD - Finance Department

SCHEDULE 10

Three Valleys Municipal Water District
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	TVMWD Population Estimate ¹	County of Los Angeles			
		Unemployment Rate	Population	Personal Income (in thousands)	Personal Income per Capita
2019	515,575	4.1%	10,382,000	619,749,000	60,469
2018	514,089	4.3%	10,328,000	602,632,000	58,818
2017	512,607	4.6%	10,278,000	585,515,000	57,168
2016	511,129	5.2%	10,215,000	563,908,000	54,577
2015	509,655	6.6%	10,179,000	549,073,000	53,521
2014	508,186	8.2%	10,125,000	514,517,000	50,730
2013	506,721	9.8%	10,056,400	483,579,000	48,140
2012	505,260	10.9%	9,990,000	486,734,000	48,818
2011	503,803	12.2%	9,902,600	441,700,000	45,969
2010	502,351	12.5%	9,839,400	418,000,000	42,540



¹ Population estimate is based on TVMWD's population report for year 2010; the estimate is a percentage of the increase projected for the County of Los Angeles.

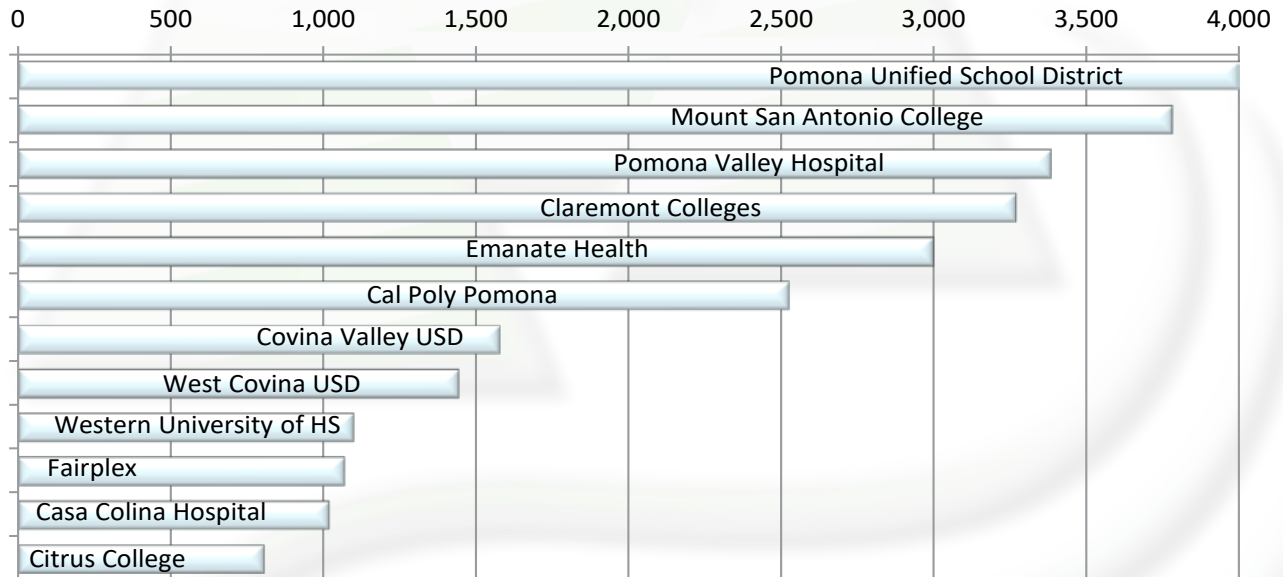
NOTE: Certain economic indicators such as unemployment rate and personal income are not calculated separately for TVMWD. Therefore, TVMWD has chosen to use the County of Los Angeles data, which is representative of the conditions and experiences of TVMWD.

SOURCES: LAEDC 2018-2019 Economic Forecast and Industry Outlook

SCHEDULE 11

**Three Valleys Municipal Water District
Principal Employers Changes in Past Ten Years
Calendar Year 2019**

Employer	Number of Employees FY 2019	Percentage of Total Employment	Number of Employees FY 2010	Percentage of Total Employment
Pomona Unified School District	4,000	2.1%	3,424	1.8%
Mount San Antonio College	3,781	1.9%	3,597	1.8%
Pomona Valley Hospital	3,385	1.7%	3,200	1.6%
Claremont Colleges	3,270	1.7%	3,300	1.7%
Emanate Health	3,000	1.5%	3,400	1.7%
Cal State Polytechnic University Pomona	2,527	1.3%	1,969	1.0%
Covina Valley Unified School District	1,579	0.8%	1,492	0.8%
West Covina Unified School District	1,445	0.7%	910	0.5%
Western University of Health Sciences	1,100	0.6%		0.0%
Fairplex Pomona	1,071	0.5%		0.0%
Casa Colina Hospital and Centers	1,020	0.5%		0.0%
Citrus Community College	807	0.4%	1,100	0.6%
Glendora Unified School District	798	0.4%		0.0%
Lanterman Development Center		0.0%	1,240	0.6%



NOTE: Principal Employers data for the fiscal year ended nine years prior is not available.

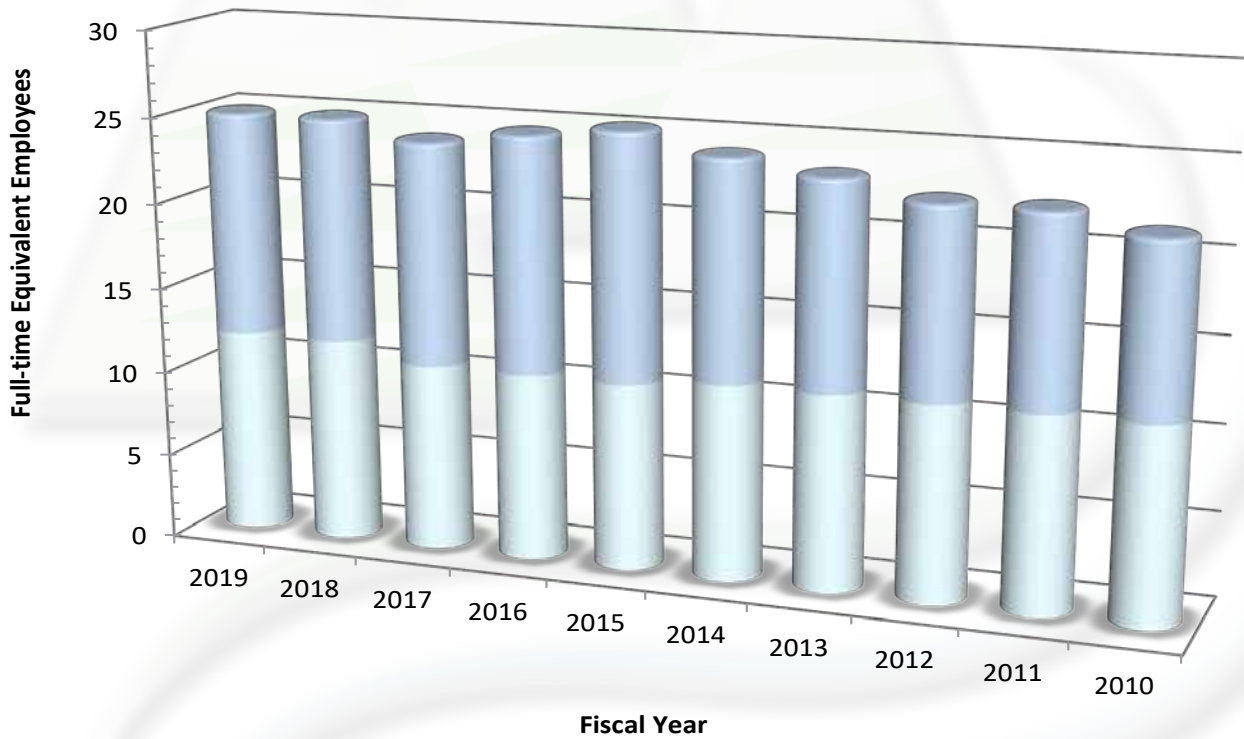
NOTE: The percentage of total employment is based on an estimate of 195,000 jobs in TVMWD's area.

SOURCE: City websites served by TVMWD

SCHEDULE 12

Three Valleys Municipal Water District
 Personnel Trends
 Last Ten Fiscal Years

Fiscal Year	Full-time Equivalent Employees by Department		
	Administration	Operations	TOTAL
2019	12.00	13.00	25.00
2018	12.00	13.00	25.00
2017	11.00	13.00	24.00
2016	11.00	13.75	24.75
2015	11.00	14.33	25.33
2014	11.50	12.75	24.25
2013	11.50	12.00	23.50
2012	11.50	11.00	22.50
2011	11.50	11.00	22.50
2010	11.50	10.00	21.50

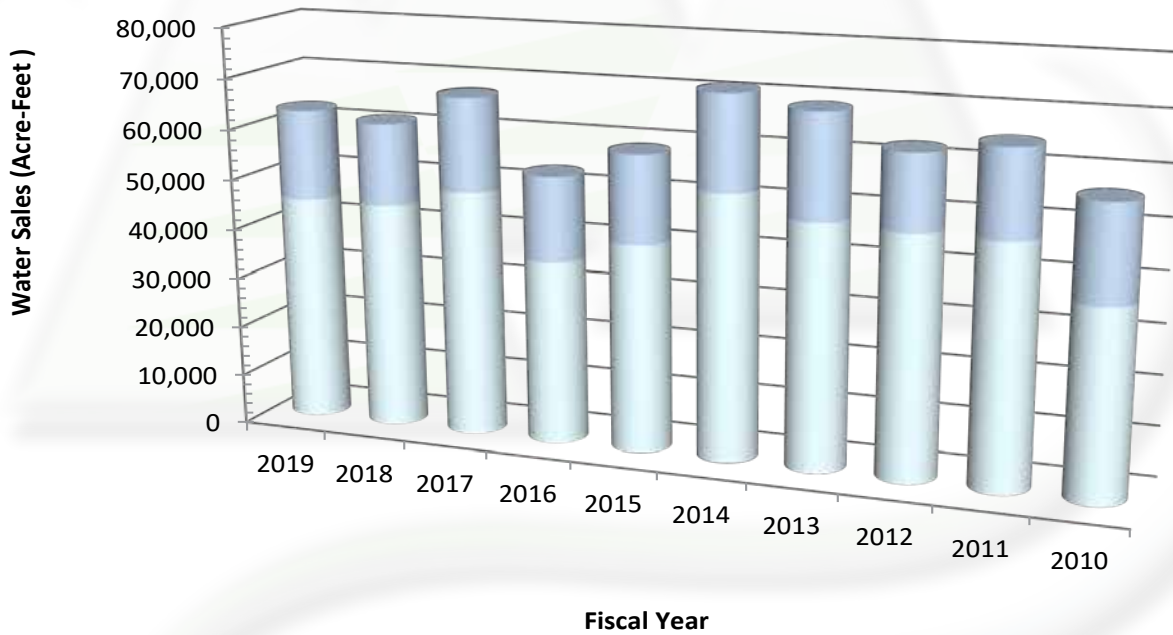


SOURCE: TVMWD - Finance Department

SCHEDULE 13

Three Valleys Municipal Water District
 Water Sales in Acre-Feet
 Last Ten Fiscal Years

Fiscal Year	Total MWD acre-feet sold	Total Miramar acre-feet sold	Total acre-feet sold
2019	45,098	17,865	62,963
2018	45,186	16,191	61,377
2017	49,013	18,591	67,604
2016	36,739	16,710	53,449
2015	41,512	17,458	58,970
2014	52,718	18,791	71,509
2013	48,659	20,508	69,167
2012	47,985	14,870	62,855
2011	47,952	17,096	65,048
2010	37,487	18,980	56,467



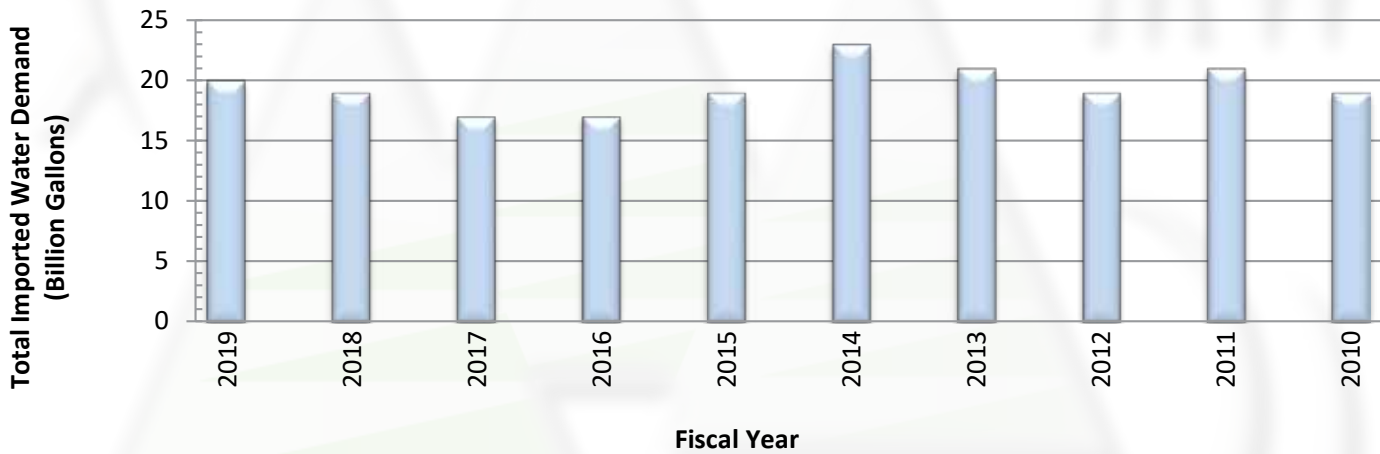
Note: Water Sales will vary depending upon a variety of external factors beyond TVMWD's control such as rainfall, population growth and supply fluctuations.

SOURCE: TVMWD - Finance Department

SCHEDULE 14

**Three Valleys Municipal Water District
Miscellaneous Operating Statistics
Last Ten Fiscal Years**

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
TVMWD's SERVICE AREA:										
Number of member agencies	13	13	13	13	13	13	13	13	13	13
Number of cities/communities	16	16	16	16	16	16	16	16	16	16
Approximate Area (in square miles)	133	133	133	133	133	133	133	133	133	133
Number of connections (imported)	20	20	20	20	20	20	20	20	20	20
System capacity										
Imported (Acre-feet)	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Imported (Billion gallons)	26	26	26	26	26	26	26	26	26	26
Water Demand										
Imported (Acre-feet)	61,994	59,488	51,660	51,600	57,116	70,061	64,858	59,471	64,193	55,737
Imported (Billion gallons)	20	19	17	17	19	23	21	19	21	19
Total water demand	61,994	59,488	51,660	51,600	57,116	70,061	64,858	59,471	64,193	55,737



	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
MIRAMAR WATER TREATMENT PLANT AND PIPELINES:										
Length of pipeline (in miles)	10	10	10	10	10	10	10	10	10	10
Annual production (Acre-feet)	17,865	14,972	18,510	16,710	17,458	18,791	20,508	14,870	17,096	18,980
Annual production (billion gallons)	6	5	6	5	6	6	7	5	6	7
Number of connections	13	13	13	13	12	12	12	12	12	12
Hydroelectric Facilities										
Number of generating stations	5	5	5	5	3	3	3	3	3	3

Note: Service area demands are met by MWD and the Miramar Water Treatment Plant and Pipelines.

SOURCE: TVMWD - Finance Department

ACRONYMS AND ABBREVIATIONS

- ACWA/JPIA – Association of California Water Agencies /Joint Power Insurance Authority
- AF – Acre-Feet
- AFY – Acre-Feet per Year
- CAFR – Comprehensive Annual Financial Report
- CalPERS – California Public Employees Retirement System
- CRA – Colorado River Aqueduct
- DWR – Department of Water Resources
- EDU – Equivalent Dwelling Unit
- FY – Fiscal Year
- GASB – Governmental Accounting Standards Board
- GDP – Gross Domestic Product
- GFOA – Government Finance Officers Association
- GPM – Gallons per Minute
- GSWC – Golden State Water Company
- JWL – Joint Water Line
- LAEDC – Los Angeles County Economic Development Corporation
- LAIF – Local Agency Investment Fund
- MWD – Metropolitan Water District of Southern California
- NRSROs – Nationally Recognized Statistical Rating Organizations
- OPEB – Other Post-Employment Benefits
- PERL – Public Employees’ Retirement Law
- RTS – Readiness-to-Serve
- S&P – Standard & Poor’s
- SDLF – Special District Leadership Foundation
- SEC – Securities and Exchange Commission
- SGV-COG – San Gabriel Valley Council of Governments
- SGVMWD – San Gabriel Valley Municipal Water District
- SWP – State Water Project
- TVMWD – Three Valleys Municipal Water District



EVENTS AND ACTIVITIES

GM RETIREMENT



DISTRICTS 1, 3, 4, 7 ADMINISTRATION OF OATH



LEADERSHIP BREAKFAST

ACWA-JPIA PRESIDENT'S SPECIAL RECOGNITION AWARD



SOLAR CUP 2019



CPR / GREAT CAL SHAKEOUT TRAINING



SWP TOUR



FACILITIES TOUR



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