

Comprehensive Annual Financial Report

**Fiscal Year Ended
June 30, 2020**

602 E. Huntington Drive, Suite B - Monrovia, CA. 91016

Upper San Gabriel Valley Municipal Water District

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2020
(With comparative data for prior year)

Prepared by:
Finance and Administration Department

602 E. Huntington Drive, Suite B
Monrovia, California 91016

Upper San Gabriel Valley Municipal Water District

Comprehensive Annual Financial Report For the fiscal year ended June 30, 2020 (With comparative data for prior year)

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	i
GFOA Certificate of Achievement	xiii
Organizational Chart	xiv
FINANCIAL SECTION:	
Report of Independent Auditors	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statement of Net Position at June 30, 2020 (With comparative data for prior year)	9
Statement of Revenues, Expenses, and Changes in Net Position For the year ended June 30, 2020 (With comparative data for prior year)	10
Statement of Cash Flows for the year ended June 30, 2020 (With comparative data for prior year)	11
Notes to Financial Statements for the year ended June 30, 2020	13
Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date	40
Schedule of Pension Plan Contributions	41
Schedule of Changes in the Net OPEB Liability and Related Ratios	42
Schedule of OPEB Plan Contributions	43
STATISTICAL SECTION (UNAUDITED):	
Statistical Section - Table of Contents	44
Changes in Net Position	45
Net Position by Component	46
Operating Revenues by Major Source	47
Operating Expenses by Activity	48
Imported Water Deliveries	49
Imported Water Rates and Charges	50
Water Rates per Acre Foot	51
Treated Water Sales by Customer	52
Demographics and Economic Statistics - Los Angeles County	53
Ten Largest Employers in Los Angeles County	54
Operating and Capital Indicators - General	55
Operating Indicators - Water Conservation	56

Introductory Section



November 19, 2020

The Honorable Board of Directors
Upper San Gabriel Valley Municipal Water District

Board of Directors:

Anthony R. Fellow, Ph.D.,
Division 1

Charles M. Treviño,
Division 2

Ed Chavez,
Division 3

Alfonso "Al" Contreras,
Division 4

Jennifer Santana,
Division 5

The Upper San Gabriel Valley Municipal Water District (Upper District) staff is pleased to present the Upper District's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020. This report is prepared in accordance with the guidelines set forth by the Governmental Accounting Standards Board (GASB).

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, this effort provides reasonable, rather than absolute, assurance that the financial statements contain no material misstatements.

Rogers, Anderson, Malody & Scott, LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on the financial statements for the year ended June 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Upper District

History

Upper District, formed by voters in the San Gabriel Valley on December 8, 1959 to help solve water problems in the rapidly developing San Gabriel Valley, was incorporated on January 7, 1960. On March 12, 1963, residents of the District voted to annex to the Metropolitan Water District of Southern California (MWD), to provide supplemental water, first from the Colorado River and later the State Water Project, to replenish local groundwater supplies.

Upper District played a vital role in determining water rights within the Main San Gabriel Basin by acting as plaintiff in the 1973 court case of the Upper San Gabriel Valley Municipal Water District, Plaintiff, v. City of Alhambra, et al, Defendants. This case brought about the creation of the Main San Gabriel Basin Watermaster (Watermaster), ordered by the court to administer and enforce provisions of the Judgment.

Upper District's service area covers approximately 144 square miles and includes all or parts of 18 cities and portions of unincorporated Los Angeles County with more than 950,000 residents. Upper District partners with many public and private entities to provide a sustainable, high quality water supply to residents and businesses within the greater San Gabriel Valley. Consistent with its motto of "Where Solutions Flow," Upper District is widely recognized for its customer service orientation, community involvement, and creativity in promoting water quality, water recycling, and water conservation.

Vision

Upper District aims to support a high quality of life in the greater San Gabriel Valley by providing valued water services.

Mission

Upper District's mission is to consistently meet our region's need for reliable, high quality and affordable water.

Core Values

Upper District team, consisting of Board and staff, will embody the following core values in conducting the business of the district:

- Transparency – Our team will interact with all in a fair, open and honest manner.
- Professionalism – Our team will professionally, respectfully, and responsively serve the needs of its customers.
- Integrity – Our team will consistently adhere to high moral and ethical principles.
- Collaborative – Our team is collaborative, supporting each other's efforts, loyal to one another, and cares for each other both personally and professionally.
- Innovative – Our team will encourage and value the introduction of new ideas and methods.

Service Area

Five elected Directors, each serving a 4-year term and representing a designated geographic area within the Upper District's boundaries, govern the Upper District. Additionally, as a member agency of the MWD, the Upper District appoints one representative to the MWD Board of Directors. The Upper District also has representation on the San Gabriel Basin Water Quality Authority and Watermaster Boards.

Most of the water imported into the Upper District service area is used to replenish the Main San Gabriel Groundwater Basin (the Basin). A small percentage is purchased by city water departments and private water utilities for direct sale to customers.



Upper District Board of Directors



Division 1 – Director Dr. Anthony R. Fellow
Representing all or portions of Arcadia, Bradbury,
El Monte, Monrovia, Rosemead and Temple City



Division 2 – Director Charles M. Treviño
Representing all or portions of Arcadia, Rosemead, San
Gabriel, South Pasadena, South San Gabriel and Temple City



Division 3 – Director Ed Chavez
Representing all or portions of Avocado Heights, Bassett, City
of Industry, Hacienda Heights, La Puente, Spy Glass Hill,
South El Monte, Valinda and West Covina



Division 4 – Director Alfonso Contreras
Representing all or portions of Azusa, Covina, Glendora,
Baldwin Park, Irwindale and West Covina



Division 5 – Director Jennifer Santana
Representing all or parts of Baldwin Park, Duarte, El Monte
and Irwindale

Local Economy

California's economic growth continued to outpace U.S. growth in 2019, growing by about 2.6% compared to the nation's 2.3%. However, after posting a solid year of economic growth in 2019, the California economy fell into recession in 2020 due to the global COVID-19 pandemic. Initial forecasts released during the first quarter of 2020 have been updated to reflect the impacts of the pandemic. However, with all the uncertainties and changing conditions in terms of job losses, virus containment and response actions, length and severity of stay-at-home orders, consumption levels, and supply changes, Upper District understands that estimates made in the midst of this crisis could still vary significantly from real outcomes.

For California, having a larger proportion of economic activity in tourism and international travel, the economic downturn brought about by the pandemic is expected to be more severe. Two sectors have borne the brunt of job loss – leisure and hospitality, and retail, representing about 50% of all the job losses. As of May 2020, unemployment for Southern California is estimated at 31.4%. Economic recovery in California is expected to mirror the national recovery – slower in the leisure and hospitality and retail sectors due to the disproportionate reliance on international tourism and also slower in the transportation and warehousing industry due to the anticipated continuation of the trade war with China. Recovery is expected to be faster in business, scientific and technical services, and in the information sector due to the demand for new technologies in remote working and socializing.

Despite the recession, the continued demand for a limited housing stock coupled with low interest rates should lead to a relatively rapid return of homebuilding. The forecast's expectation is for 94,000 net new units in 2020, a 17.3% decline from 2019. This level of home building means that the prospect for the private sector's building out of the housing affordability problem over the next three years is nil.

Los Angeles County has seen steady improvement over the past five years in terms of job gains and decline in unemployment rate. However, L.A. County's unemployment rate dipped to a record high of 21.1% in May since the pandemic started. The County's economy has been hit harder than others in the state and nation because of higher concentrations of jobs in two of the sectors most ravaged by business shutdowns: hospitality/leisure and entertainment. Los Angeles housing market's home sales dropped over the past couple of months, but prices remained high due to record low interest rates and tight inventory.

The San Gabriel Valley differs distinctly from the greater Los Angeles County in terms of demographic composition, industry employment, wages and income and industry concentration of business establishments. It features a population more racially and ethnically diverse than the Los Angeles County with Hispanics and Latinos making up roughly 42% of the population.

The San Gabriel Valley economy is driven by a number of valuable sectors including health care, higher education, international trade, retail trade, manufacturing, professional and business services, and tourism. These main industries, along with other notable components such as housing and commercial real estate, are the foundation of regional economic growth, drawing in dollars from outside the valley, fostering innovation and creating wealth.

In terms of job distribution, the largest share of employment lies in healthcare services at 19.6%, followed by professional and business services at 12.2%. In 2019, wage and salary employment in the San Gabriel Valley increased by around 1.2% from 2018 to an estimated 711,000 jobs. However, like everywhere else, the state-mandated shutdown has had a significant impact on the local economy and the job market. The recent sharp decline in the number of people filing unemployment insurance claims, however, suggests that recovery is on the way.

Sources: San Gabriel Valley Economic Partnership's 2020 Regional Economic Forecast, Los Angeles County Economic Development Corporation's Report on the Employment Impact of Covid-19, and the June UCLA Anderson Forecast.

Major Initiatives

Consistent with its mission, the Upper District strives to assist local retail water providers manage their water supply safely and cost-effectively by improving water quality and increasing supply reliability. This is a challenging goal because factors such as climate, water quality legislation, regulations, government policy, economics, population, and market demand change and, thus, affect the Upper District's planning and operations. Upper District's primary function has been to provide supplemental water to its retail water providers, sourced from the State Water Project, the Colorado River, and more recently, in the form of recycled water.

Imported Water Deliveries

In December 2014, Upper District executed a ten-year extension to the current purchase order with MWD, retaining the ability to purchase about 67,000 acre feet per year of the less expensive Tier 1 water.

Recognizing the long-term drought conditions and the continuing decline of the Basin level, the stakeholders, consisting of producers, responsible agencies and Watermaster, developed a water resource development assessment to purchase untreated water for stormwater augmentation (RDA II Program) in May 2017. Unlike an earlier version of this program, which provided for Watermaster's pre-purchase of replacement water, the RDA II Program supplements the lack of local stormwater replenishment by purchasing imported Tier I water. There is no "right of recovery" using a water right, by any Basin producer. Funding for this program is obtained by an annual assessment against every acre foot of production regardless of whether the producer is within or above its production rights.

In August 2019, Upper District, MWD and Watermaster executed the 11th amendment to the Cyclic Storage Agreement extending the term for another five years. The agreement gives MWD the right to store up to 200,000 acre feet of State Water Project water in the Basin.

Integrated Resources Plan (IRP)

In May 2011, the Board authorized the preparation of the San Gabriel Valley's first Integrated Resources Plan (IRP). Completed in 2012, the IRP defines a long-term strategy for investments in a balanced portfolio of water supplies that are reliable and affordable. Upper District is currently implementing the strategy defined in the IRP, which includes the Recycled Water Program described below.

During FY 16/17, Upper District updated the IRP to address changing conditions within the Basin. As authorized by the Board in June 2019, Upper District is working on updating the Integrated Resource Plan to address significant changes regarding potential water resource programs and supply availability. Upper District strives to work with all stakeholders to implement innovative conservation, recycling, and storm water capture projects to improve long-term water supply reliability.

Recycled Water Program

Recycled water is a key element of Upper District's overall strategy of supplementing local water supplies. Recycled water is being used throughout California to irrigate golf courses, parks, freeway landscaping and crops. It is also being used to replenish groundwater basins, to serve as a barrier to seawater intrusion, and by industry for cooling processes and other purposes. Recycled water directly offsets the need to import increasingly expensive water that is pumped from the sensitive Bay-Delta ecosystem.

Upper District's success in proactively advancing water recycling is largely attributable to the support of its partners: the United States Bureau of Reclamation (USBR); State Water Resources Control Board; Metropolitan Water District; Sanitation Districts of Los Angeles County; Watermaster, local retail water providers and many others who have contributed to the successful development of recycled water in the San Gabriel Valley.

Direct Reuse

The Direct Reuse Program includes the phased construction of a recycled water distribution system used to provide water for irrigation purposes. Over \$51 million has been invested to construct a direct reuse recycled water distribution system consisting of more than 24 miles of distribution pipeline. The major components of the direct reuse system are summarized below. All components of the system are in service.

Whittier Narrows - The Upper District's Whittier Narrows Water Recycling Project supplies the 2,500 acre Whittier Narrows Recreation Area with about 400 million gallons of recycled water each year. The recycled water provides irrigation for a large public park, soccer, baseball, and softball fields as well as the 18-hole Whittier Narrows Golf Course.

South El Monte High School - In 2007, Upper District converted South El Monte High School to recycled water for irrigating campus green areas and athletic fields. Recycled water used at the high school conserves nearly 17 million gallons of drinking water each year, enough to supply about 100 households.

Rose Hills Memorial Park - In early 2006, Upper District converted about half of the Rose Hills Memorial Park (Rose Hills) to recycled water for irrigation purposes. Prior to using recycled water, Rose Hills used approximately 388 million gallons (1,200 acre-feet) per year or about 1,000,000 gallons per day of drinking water for irrigation. By using recycled water, Rose Hills reduced their drinking water demand by about 600 acre-feet per year, saving about 500,000 gallons of drinking water per day or enough drinking water to supply about 1,200 average single-family homes each year. As part of this project, an additional 21 million gallons of recycled water per year are provided to Rio Hondo College, Mill Elementary School and Gateway Pointe Industrial Park for irrigation purposes.

In 2014, Upper District assisted Rose Hills in obtaining \$500,000 in Proposition 84 grant funds to expand the recycled water system and serve an additional 600 acre-feet per year. This effort required Rose Hills to contribute \$500,000 towards the needed improvements which were completed in 2016, increasing the use of recycled water by another 600 acre-feet per year.

Rosemead Extension - The San Gabriel Valley Water Recycling Project Phase IIA - Rosemead Extension consists of recycled water pipelines extending north and west from the Whittier Narrows Recreation Area to supply approximately 98 million gallons of recycled water per year to Southern California Edison corporate headquarters, Panda Express corporate headquarters, Walmart and several nurseries, schools, and businesses.

City of Industry - In 2010, the Upper District's City of Industry Water Recycling Project began providing recycled water for irrigation purposes by extending an existing recycled water pipeline, stretching from the City of Industry through Hacienda Heights, to West Covina. The project supplies more than 260 million gallons of recycled water per year for irrigation to a landfill, golf course, baseball complex, schools, parks, medians, and green belts in the San Gabriel Valley.

South El Monte and El Monte Extension - In 2014, Upper District assisted the San Gabriel Valley Water Company in obtaining \$1.28 million in Proposition 84 grant funds to expand the Whittier Narrows Recycled Water system to serve an additional 95 acre-feet per year of recycled water in South El Monte and El Monte. The San Gabriel Valley Water Company provided approximately \$2.13 million to complete the facilities needed. This project is complete.

La Puente Valley County Water District Recycled Water System - In 2014, Upper District assisted the La Puente Valley County Water District in obtaining \$428,000 in Proposition 84 grant funds to construct a recycled water system to serve 60 acre-feet per year of recycled water in La Puente and the City of Industry. The La Puente Valley County Water District will provide \$1.57 million to complete the facilities needed. The construction award was approved in December 2019, with construction beginning in the first quarter of 2020. The pipeline construction is materially complete with work focusing on the small pump station and individual customer connections.

Storm Water

MillerCoors Storm Water Capture Project

Upper District facilitated several meetings with Vulcan, MillerCoors, the LAFCD and Watermaster to determine feasible means of including MillerCoors' east pit as part of the LAFCD storm water capture system. LAFCD, Vulcan, and MillerCoors discussed the most feasible means to develop a storm water capture facility that meets the needs of all parties. At this time, no additional discussions are underway.

MS4 Stormwater Permit

Upper District staff participated in extensive discussions with the Council of Government Water Committee members on the MS4 stormwater permit and the potential to use regional facilities to reduce the cost of compliance. A technical study of the Peck Lake Park area was prepared for use by the Flood Control District and cities that currently benefit from the use of Peck Lake.

Water Use Efficiency

While the drought was officially declared "over" in April 2017, groundwater storage levels remain depleted in many areas. Understanding the need to continue a strong conservation message in the San Gabriel Valley, Upper District has maintained a proactive and innovative conservation outreach program. For FY 19/20, Upper District continued to implement conservation programs for both residents and businesses. Upper District's approach is in keeping with the State's long-term framework for conservation and drought planning titled, "Making Conservation a California Way of Life", which outlines implementation of EO-B-37-16.

A considerable challenge faced during FY 19/20 was the emergence of the COVID-19 pandemic that resulted in the Governor issuing an order to shelter at home, which began in March 2020 and remained in effect through the end of FY 19/20. This unprecedented event resulted in a number of event and project cancellations.

Water Conservation and Education

Water conservation is a vital and cost-effective method of preserving our water supply and is a critical aspect of an effective, sustainable water supply program. Throughout California and the San Gabriel Valley, cities, water companies, utilities, and water districts are deeply involved in conservation and public education efforts that promote water use efficiency. Informing residents, businesses, and our youth about water use efficiency remains a top priority of Upper District's public education program.

Residential Programs

Residential Rebate Program - Through Metropolitan's SoCal Water Smart Regional Residential Rebate Program, Upper District's residents are offered rebates for retrofitting several types of high water-use fixtures/equipment. Rebate items include: High-Efficiency Clothes Washers (HECWs), Premium High Efficiency Toilets (PHETs), Weather-Based Irrigation Controllers (WBICs), Rotating Sprinkler Nozzles, and turf removal. Rebates were paid for 73,676 residential devices during the fiscal year that will produce approximately 424 acre feet (138,212,068 gallons) of lifetime water savings.

Premium High Efficiency Toilet (PHET) Program - During FY 19/20, a total of 282 PHETs were distributed through Upper District purveyor-run programs that will provide lifetime water savings of almost 60 acre feet (19,305,720 gallons). Upper District provided a total of \$111,520 in incentive payments to the producers for this program through MWD's Member Agency Administered Program.

Residential Landscape Survey and Retrofit Program - During FY 19/20, a total of 120 surveys and 6,568 water efficient irrigation devices were provided through a purveyor-run residential survey and retrofit landscape program. The program will provide a lifetime water savings of approximately 68 acre feet (22,141,041 gallons). Upper District provided a total of \$28,604 in incentive payments to the producers for this program through MWD's Member Agency Administered Program.

Commercial, Industrial, and Institutional (CII) Program

CII Rebate Program - Through Metropolitan's SoCal Water Smart Commercial Rebate Program, Southern California businesses are eligible for rebates to help encourage water use efficiency. This program offers rebates on a wide variety of water-saving technologies including premium high-efficiency toilets and urinals, WBICs for outdoor landscaping, turf removal, as well as many industry-specific water efficient devices. Rebates were paid for 22,796 CII devices during the 2019/20 fiscal year that will produce approximately 317 acre feet (103,259,718 gallons) of lifetime water savings.

Water Fill Station Program

During FY 2019/20, Upper District continued its Water Filling Station program (WFS) which involves the installation of water bottle filling stations at designated public facilities located within Upper District's service area with high pedestrian traffic or provide recreational activity. The program provides accessibility to tap water, highlighting the quality of tap water while providing an alternative to one-time use plastic bottles. The production, packaging, and transportation of one-time use plastic bottles is both water and energy intensive. The aftermath of using one-time plastics is a long-term negative impact on the environment.

The success of the WFS program resulted in several water producers stepping forward to fund additional water fill stations, expanding the program far beyond the original number of site installation pilot projects. The WFS program benefits local communities, delivering positive environmental impacts while highlighting the safety of local drinking water. Accommodating this partnering approach capitalized on the economies of scale, ensured consistent program guidelines, maintained a consistent regional water use efficiency message to the public, and created a successful partnering endeavor between the Upper District and its water producers. A total of 22 WFS were installed during FY 2019/20.

Education and Community Outreach Programs

Watershed Restoration Program - This program is a cooperative partnership between the Upper District and the U.S. Forest Service that incorporates volunteers into efforts to protect and maintain the local watershed. Program activities typically include collection of native seeds, planting of saplings, and trash removal. During FY 19/20, 193 volunteers contributed 772 volunteer hours that included planting of 514 tree saplings and collecting 19 pounds of garbage.

4th-6th Grade Sustainable Watershed Education Program - The partnership with the Discovery Science Foundation provides exciting 4th-6th grade student curriculum that focuses on water use efficiency, highlights watershed issues, and groundwater awareness. Offered free to participating schools, the program includes interactive assemblies for fourth and fifth graders and in-class hands-on workshops for sixth graders.

During FY 19/20, 7,034 students from 49 schools participated in the assemblies and hands-on workshops. Reservations for another 1,753 students to participate during the school year were cancelled due to the school closures of all schools for the remainder of the school year due to COVID-19.

Schools that made reservations for the 2019-20 school year by October 30th were entered into a drawing for a free class trip to either the Discovery Cube's Los Angeles or Santa Ana locations. The trip includes free admission for up to 60 students and a \$250 transportation grant. Nine schools had scheduled field trips. However, only one school completed their field trip prior to the pandemic. The closure of schools as well as the Discovery Science Foundation sites resulted in the postponement of all trips. Upper District will honor the canceled field trips during the next school year.

Water Efficiency Workshops - While several water efficient landscaping and leak detection workshops were scheduled to be offered throughout FY 19/20, the Covid-19 pandemic and Governor Newsom's Executive Order to shelter at home resulted in the cancellation of most of the workshops. Prior to the onset of the pandemic, a total of 40 individuals attended the two workshops hosted by the Upper District during FY 19/20.

Solar Cup - Sponsored by MWD, Solar Cup is a youth program that provides high school teams the hands-on opportunity to build solar powered boats that they compete in race and endurance categories. The three-day event is the culmination of several months of planning and building that offers student participants an opportunity to learn about natural resources, the development/use of alternative fuel sources, the protection of water quality, as well as program management skills. While Upper District committed to sponsoring four teams for the FY 19/20 event, the COVID-19 pandemic resulted in the cancellation of MWD's Solar Cup competition.

Water Awareness Art Contest - Upper District's "Water is Life" art contest inspires students to think about how important water is to all life and encourages youth to express the value of water through their artwork. The contest has 4 categories: K-2, 3-5, 6-8 and 9-12th grade. The mass closure of schools due to COVID-19 resulted in the cancellation of Upper District's 2020 "Water is Life" art contest.

Water Education Grant Program - The Upper District's Water Education Grant Program (WEGP) offers teachers an opportunity to apply for grants of up to \$1,000 for proposed school projects that are related to water. A total of 19 applications amounting to \$13,413.32 were awarded for the 2019/20 school year. In support of educational efforts during the pandemic, Upper District extended the WEGP project deadline, enabling grant awardees to complete their projects during the 2020/21 school year.

Water Conservation Booths - Upper District maintains an aggressive grassroots outreach campaign to educate the residents of the San Gabriel Valley. Informational booths on water conservation are hosted by Upper District at city sponsored events such as summer concerts, community, and environmental fairs. Due to COVID-19, all outreach booths have been canceled.

Waterfest - Upper District hosted its signature community conservation event at the Arcadia County Park in Arcadia on October 12, 2019. This annual event is held in partnership with the County of Los Angeles Department of Parks and Recreation and had over 50 exhibitors and 2,000 residents participating in the one-day festival. This educational event for residents, families and children features interactive educational booths, environmental displays, informative presentations, free water-saving materials, raffles and more. This marked the 10th year of the event and also served as the launch of Upper District's 60th Anniversary celebration year.

San Gabriel Valley Water Smart Award - In 2015, Upper District unveiled the San Gabriel Valley Water Smart Award which recognizes cities, businesses, elected officials and/or community partners for their efforts in promoting water conservation through education, advocacy or community engagement. In 2019, the Board of Directors honored the Community Services Division of the County of Los Angeles Department of Parks and Recreation for their long standing partnership in hosting WaterFest with Upper District.

Water Splash Newsletter - Upper District unveiled a new monthly e-newsletter called "Water Splash" to engage and inform residents and key stakeholders. The first newsletter contained helpful conservation tips and at home education activity sheets for students. The newsletter also features news and information on Upper District programs and events.

Upper District's Website - During FY 19/20, Upper District's website underwent a thorough content review and complete renovation. The website features a streamlined format and meets all accessibility and public access guidelines for special districts.

Upper District's "Where Solutions Flow" Tours - Upper District has actively engaged the region's local elected officials by offering educational programs on key water policies and issues that affect the San Gabriel Valley. Upper District, in partnership with the Main San Gabriel Basin Watermaster, MWD, the Army Corps of Engineers, LA County Flood Control District, and San Gabriel Valley Water Company, have provided educational tours of the San Gabriel Valley water infrastructure. Due to COVID-19, the tour program has been put on hold until further notice.

Speakers' Bureau Presentations - Upper District Board members and management make numerous presentations to city councils, school boards, chambers of commerce and other community organizations. These presentations provide stakeholders with information about the history of the Upper District, local water issues and challenges, recycled water projects, water-related legislation, and water conservation programs.

WaterSmart Video Series - In response to the pandemic, Upper District began an aggressive messaging campaign on local water quality and safety. A series of informational videos were created on the San Gabriel Valley's local water supply, water quality and best practices for water conservation.

Relevant Financial Policies

Internal Control Structure

Management is responsible for establishing and maintaining an internal control structure that ensures that 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 (a) the cost of a control should not exceed the benefits likely to be derived, and (b) the valuation of costs and benefits requires estimates and judgments by management.

Investment Policy

Annually, the Board of Directors adopts an investment policy consistent with the requirements of the California Government Code. In order of priority, three fundamental criteria are followed by the Upper District in the investment program:

- (a) *Safety of Principal* - Investments shall be undertaken in a manner that first seeks to ensure the preservation of principal in the portfolio. Each investment transaction shall be entered into after taking into consideration the quality of the issuer, the underlying security or collateral, and diversification of the portfolio.
- (b) *Liquidity* - Investments shall be made so that the maturity date is compatible with cash flow needs and safety of principal.
- (c) *Return on Investment* - Investments shall be undertaken to produce an acceptable rate of return after first considering safety of principal and liquidity and the prudent investor standard.

During fiscal year 2019/20, all funds were invested in accordance with Upper District's investment policy.

Minimum Reserves

The primary operational risk Upper District is exposed to is a water system failure for an extended period (e.g. inability to deliver imported water after a catastrophic earthquake that damages the imported water system). To ensure its ability to support operations in the absence of cash flow from water sales for an extended period, the Board of Directors set the minimum operating reserves equivalent to one year's worth of surcharge and net recycled water operating revenues.

Budget Process and Controls

Budgets are often used as a performance tool for measuring accountability of public agencies to its stakeholders. Though not legally required to do so, Upper District annually adopts a budget not only as a management tool for planning and control purposes but also to demonstrate its commitment to fiscal responsibility and transparency. Upper District also uses the budget as a communication tool that shows how the District intends to allocate its resources in support of its mission, goals and objectives.

Developing and monitoring the budget is an ongoing process. Upper District conducts a series of budget workshops to encourage stakeholder participation and input prior to adoption of the final budget. Monthly financial statements showing budget-to-actual comparison and analysis are presented to management and the Board of Directors to facilitate review and assessment throughout the fiscal year.

Water Rates

Pursuant to Water Code Section 71614 et seq., Upper District establishes water rates and charges through a resolution by the Board of Directors. Prior to adoption of the water rates and charges, workshops are held to solicit input from all stakeholders.

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 the Upper District for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the ninth consecutive year that the Upper District has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report 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.

The preparation of this report was accomplished by the combined efforts of Upper District staff. We appreciate the dedicated efforts and professionalism that our staff members bring to the Upper District. We would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of Upper District's fiscal policies.

Respectfully submitted,



Thomas A. Love
General Manager



Evelyn M. Rodriguez
Director of Finance and Administration



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Upper San Gabriel Valley Municipal Water District
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

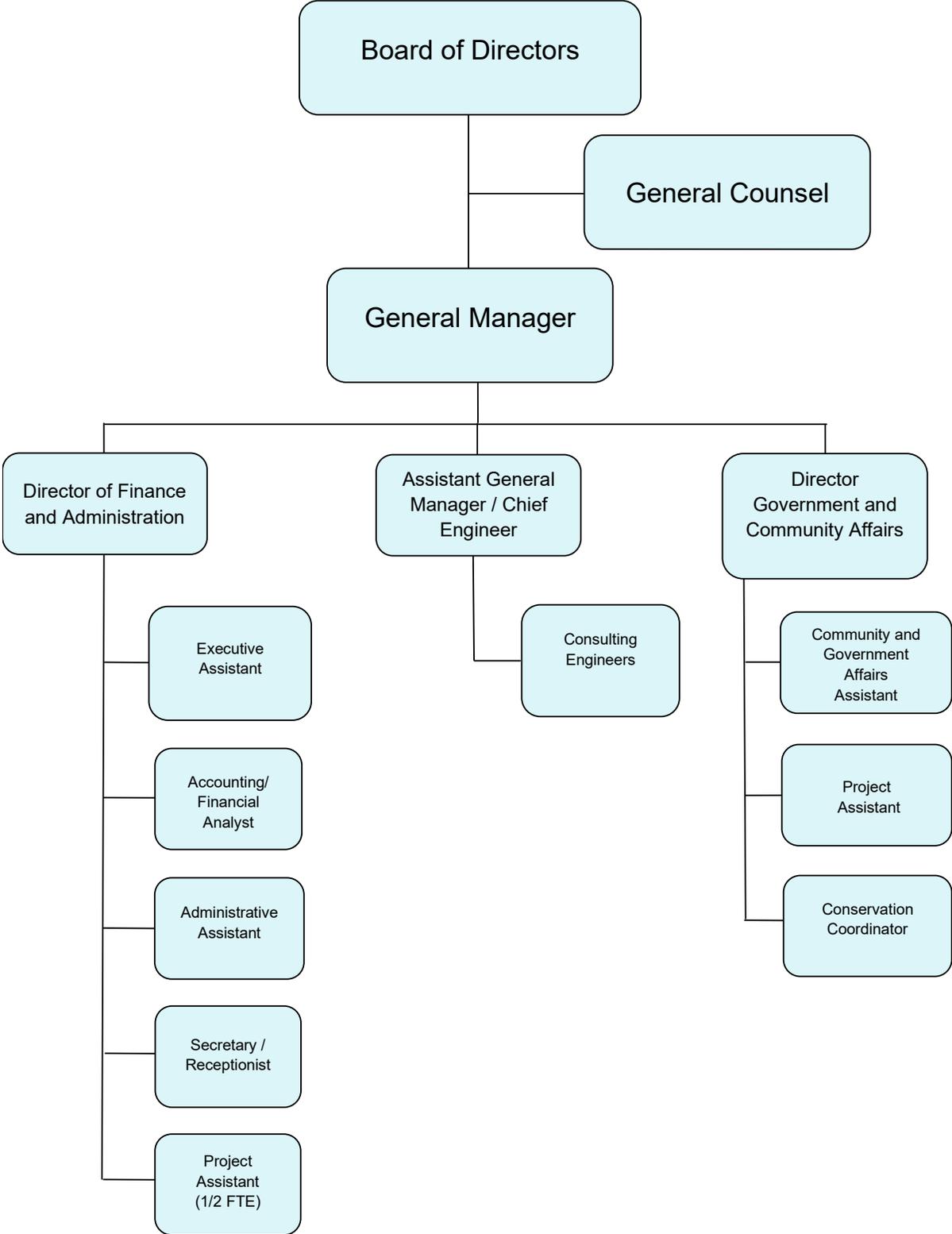
June 30, 2019

Christopher P. Morill

Executive Director/CEO

Upper San Gabriel Valley Municipal Water District

Organizational Chart



Financial Section



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramsca.net

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST

MANAGERS / STAFF

Charles De Simoni, CPA
Gardenya Duran, CPA
Brianna Schultz, CPA
Jingjie Wu, CPA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Tara R. Thorp, CPA, MSA
Laura Arvizu, CPA
Louis Fernandez, CPA
Abigail Hernandez Conde, CPA, MSA
Zoe Xinlu Zhang, CPA, MSA

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

*Employee Benefit Plan
Audit Quality Center*

California Society of
Certified Public Accountants

Independent Auditor's Report

Honorable Member of the Board of Directors
Upper San Gabriel Valley Municipal Water District

Report on the Financial Statements

We have audited the accompanying financial statements of the Upper San Gabriel Valley Municipal Water District (Upper District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Upper 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's *Minimum Audit Requirements for California Special Districts*. Those standards require that we plan and perform the 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 opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Upper District as of June 30, 2020, and the changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the California State Controller's office and state regulations governing special districts.

Other Matters

Prior Year Comparative Information

We have previously audited Upper District's June 30, 2019 financial statements, and we expressed an unmodified opinion in our report dated November 26, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Upper District's basic financial statements. The introductory and statistical sections 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2020, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Upper District's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
November 19, 2020

Upper San Gabriel Valley Municipal Water District

Management's Discussion and Analysis For the fiscal year ended June 30, 2020

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial performance and activities of the Upper San Gabriel Valley Municipal Water District (Upper District) for the fiscal years ended June 30, 2020 and 2019. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section.

Required Financial Statements

Upper District is a wholesale water utility enterprise and presents its financial statements using the economic resources measurement focus and the full accrual basis of accounting. As an enterprise fund, Upper District's basic financial statements include the statement of net position, statement of revenues, expenses and changes in net position and statement of cash flows. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The statement of net position presents information on all Upper District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Upper District is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how Upper District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are recognized on the accrual basis.

The statement of cash flows is related to the other financial statements by the way it links changes in assets and deferred outflows of resources and liabilities and deferred inflows of resources to the effect on cash and cash equivalents over the course of the fiscal year.

The notes to the financial statements provide useful information regarding Upper District's significant accounting policies, and they explain significant account balances and activities, certain material risks, obligations, commitments, contingencies and subsequent events, if any.

Financial Highlights

- During fiscal year 2019/20, the producers and Watermaster made combined imported water purchases of about 34,600 acre feet, a decrease of about 7,200 acre feet compared to prior fiscal years.
- Capital expenditures during the fiscal year consisted mostly of costs associated with the acquisition of a new office building amounting to about \$3.55 million.
- District revenues have not been significantly impacted by the COVID-19 pandemic.
- Conservation events and programs scheduled or planned for fiscal year 2019/20 requiring face-to-face encounters have either been postponed or cancelled due to COVID-19 restrictions.

More information on the financial statement variances is covered in the next sections.

Upper San Gabriel Valley Municipal Water District

Management's Discussion and Analysis For the fiscal year ended June 30, 2020

Financial Analysis of Upper District

The statements of net position and the statements of revenues, expenses and changes in net position report provide an indication of Upper District's financial health. It provides a basis for evaluating the capital structure and assessing the liquidity and financial flexibility of Upper District.

The following tables summarize Upper District's financial condition and the changes in its net position for the past two years.

Statements of Net Position

Consolidated Statements of Net Position

	June 30		Change	
	2020 (in thousands)	2019 (in thousands)	Dollar (in thousands)	Percentage
Assets				
Current assets	\$ 21,972	\$ 23,138	\$ (1,166)	-5.04%
Capital assets, net	55,482	52,990	2,492	4.70%
Total assets	77,454	76,128	1,326	1.74%
Deferred outflows of resources	927	973	(46)	-4.73%
Liabilities				
Current liabilities	3,277	2,740	537	19.60%
Noncurrent liabilities	12,040	12,842	(802)	-6.25%
Total liabilities	15,317	15,582	(265)	-1.70%
Deferred inflows of resources	474	172	302	175.58%
Net position				
Net investment in capital assets	46,885	43,767	3,118	7.12%
Unrestricted	15,706	17,579	(1,873)	-10.65%
Total net position	\$ 62,591	\$ 61,346	\$ 1,245	2.03%

As shown above, Upper District's total assets exceeded liabilities and deferred inflows of resources by \$62.59 million and \$61.34 million as of June 30, 2020 and 2019, respectively, or an increase in net position of \$1.25 million between 2020 and 2019.

Assets

To help address the rapidly declining Basin levels, Upper District began pre-purchasing untreated water for cyclic storage in 2015. As of June 30, 2020 and 2019, Upper District's cyclic storage account has about 8,000 acre feet and about 11,500 acre feet of water, respectively. These are reported as part of current assets in the Upper District's statements of net position.

Upper San Gabriel Valley Municipal Water District

Management's Discussion and Analysis For the fiscal year ended June 30, 2020

Increase in cash and cash equivalents amounting to \$1.56 million, despite the decrease in imported water sales during fiscal year 2019/20, is largely attributable to sale of untreated water held storage. During the year, Upper District sold about 3,600 acre feet from its cyclic storage account equivalent to \$2.47 million.

Upper District's IRRP project remained on hold as the District evaluates the full availability of tertiary treated wastewater and alternative project configurations or partnerships particularly Metropolitan's regional, large-scale advanced treated wastewater project, currently in "proof of concept" discussion.

The increase in net capital assets of about \$2.49 million during fiscal year 2019/20 is mainly due to the acquisition of a new office building amounting to \$3.55 million, offset by the annual provision for depreciation.

Liabilities

The increase in Upper District's current liabilities during 2020 consisted mostly of accrued election costs and higher amounts owed to MWD for imported water purchases during the months of May and June due to seasonal fluctuations in demand.

Upper District continued to pay down its state revolving loan, reducing amount owed to State Water Resources Control Board by \$0.62 million and \$0.61 million for fiscal years ended June 30, 2020 and 2019, respectively.

Net Position

A large portion of Upper District's net position consists of net investment in capital assets. Capital assets are used by Upper District to provide services to its customers and are, therefore, not available for spending. Consequently, as Upper District continued to invest in its recycled water program to improve water supply reliability, unrestricted net position will generally decrease.

Statements of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position provide information on the nature and sources of these changes. For the fiscal years ended June 30, 2020 and 2019, Upper District's net position increased by \$1.24 million and \$2.63 million, respectively, as shown by the table below.

Upper San Gabriel Valley Municipal Water District

Management's Discussion and Analysis For the fiscal year ended June 30, 2020

Condensed Statements of Revenues, Expenses and Changes in Net Position

	June 30		Change	
	2020 (in thousands)	2019 (in thousands)	Dollar (in thousands)	Percentage
Operating revenue				
Water revenue	\$ 32,810	\$ 37,459	\$ (4,649)	-12.41%
Water conservation	372	837	(465)	-55.56%
Other operating revenue	206	88	118	134.09%
Total operating revenue	33,388	38,384	(4,996)	-13.02%
Total operating expenses	37,392	40,626	(3,234)	-7.96%
Operating loss	(4,004)	(2,242)	(1,762)	78.59%
Standby charges	4,047	3,648	399	10.94%
Investment earnings, taxes, other	1,081	1,035	46	4.44%
Net nonoperating revenues	5,128	4,683	445	9.50%
Income before contributions	1,124	2,441	(1,317)	-53.95%
Capital contributions	121	186	(65)	-34.95%
Change in net position	1,245	2,627	\$ (1,382)	-52.61%
Net position, beginning of year	61,346	58,719		
Net position, end of year	\$ 62,591	\$ 61,346		

Operating Revenues

Fiscal year 2018/19 saw a significant increase in producers' pre-purchases of untreated water for cyclic storage, increasing Upper District's water sales by 17,100 acre feet or about \$14.34 million. Treated water sales also increased during this period by about 1,200 acre feet, providing \$1.49 million in additional revenues. However, during fiscal year 2019/20, producers significantly scaled back on their water purchases for cyclic storage, decreasing untreated water revenues by \$5.39 million.

Nonoperating Revenues/Expenses and Capital Contributions

Nonoperating revenues, generally consisting of standby charges, investment earnings and taxes, have remained relatively stable over the years. In fiscal year 2018/19, Upper District's standby charge rate was set at \$8 per acre per year or \$8 per parcel less than one acre per year. During fiscal year 2019/20, Upper District reauthorized the assessment of standby charge at its original rate of \$10 per acre per year or \$10 per parcel less than one acre per year, increasing revenues by \$0.40 million.

Operating Expenses

Upper District purchases imported water from MWD and sets its rates based on MWD's prevailing rates.

During fiscal year 2018/19, the producers ramped up their pre-purchases of untreated water for cyclic storage but subsequently scaled them back down during fiscal year 2019/20, decreasing untreated water purchases by 7,800 acre feet or \$3.75 million.

The safer-at-home restrictions in place resulted in the cancellation or postponement of various water conservation events and projects, decreasing programs costs for fiscal year 2019/20.

Upper San Gabriel Valley Municipal Water District

Management's Discussion and Analysis For the fiscal year ended June 30, 2020

Capital Asset Administration

As of June 30, 2020 and 2019, Upper District's investments in capital assets, net of accumulated depreciation, amounted to \$55.48 million and \$52.99 million, respectively. The following is a summary of capital assets:

	June 30		Change	
	2020 (in thousands)	2019 (in thousands)	Dollar (in thousands)	Percentage
Intangible utility plant	\$ 657	\$ 657	\$ -	0.00%
Construction in progress	8,576	8,576	-	0.00%
Water recycling	52,106	52,106	-	0.00%
Building and improvements	3,548	-	3,548	100.00%
Furniture and equipment	437	421	16	3.80%
Other	116	116	-	0.00%
Subtotal	65,440	61,876	3,564	5.76%
Less accumulated depreciation	(9,958)	(8,886)	(1,072)	12.06%
Net capital assets	\$ 55,482	\$ 52,990	\$ 2,492	4.70%

For more information regarding Upper District's capital assets, please refer to Note 4 of the Notes to Financial Statements.

Long-term Debt

Construction activities for the City of Industry Project were partially funded by a State Revolving Fund (SRF) loan from the California State Water Resources Control Board (CSWRCB) which, as of June 30, 2020 and 2019, amounted to \$8,597,277 and \$9,222,047, respectively. Detailed information on Upper District's long-term debt is presented under Note 6 in the Notes to Financial Statements.

Water Rates and Other Charges

On June 5, 2019, the Board of Directors approved the water rates and charges for the different classes of water effective January 1, 2020. Please refer to page 51 of the statistical section for Upper District's water rates for the last ten fiscal years. The Board of Directors also approved the adoption of a water standby or availability of service charge at \$10 per acre of land or \$10 for each parcel of land less than an acre within Upper District's service area. This charge generated about \$2.07 million in revenues.

Conditions Affecting Current Financial Position

Signs of the COVID -19 pandemic first appeared in California in February 2020. Shortly after that, Governor Newsom issued a statewide safer-at-home order for all residents in response to the pandemic. While water utility services are considered essential and exempt from the Governor's order, Upper District, in an abundance of caution, immediately began transitioning staff to a teleworking schedule with minimal disruption in essential service delivery. However, the safer-at-home restrictions, still in effect through the end of the fiscal year, caused the cancellation of planned events and projects that involve face-to-face encounters.

Upper San Gabriel Valley Municipal Water District

Management's Discussion and Analysis For the fiscal year ended June 30, 2020

Initial studies warned of significant revenue and cost impacts to water utilities across the country in terms of lost sales from non-residential customers, rise in delinquencies due to rising unemployment, as well as higher expenses related to operational actions taken in response to the pandemic. To date however, Upper District has not seen any significant impacts of the pandemic on its major revenue sources - water sales, standby charge, or taxes. But there has been a notable decrease in water conservation program costs due to cancellation of events and projects impacted by the COVID-19 restrictions in effect.

Requests for Information

This financial report is designed to provide Upper District's funding sources, customers, stakeholders and other interested parties with an overview of Upper District's financial operations and overall financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact Upper District's Director of Finance and Administration at 602 E. Huntington Drive, Suite B, Monrovia, California 91016.

Basic Financial Statements

Upper San Gabriel Valley Municipal Water District

Statement of Net Position

June 30, 2020

(With comparative data for prior year)

	<u>2020</u>	<u>2019</u>
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 9,493,989	\$ 7,934,091
Investments	5,166,413	5,000,124
Receivables:		
Water sales	1,017,011	1,584,759
Grants	25,990	161,829
Other	384,731	152,568
Prepurchased water	5,749,227	8,223,106
Prepaid expenses	134,737	81,637
Total current assets	<u>21,972,098</u>	<u>23,138,114</u>
Noncurrent assets:		
Capital assets, not being depreciated (Note 4)	9,233,369	9,233,369
Capital assets, net of depreciation (Note 4)	46,248,591	43,756,288
Total noncurrent assets	<u>55,481,960</u>	<u>52,989,657</u>
Total assets	<u>77,454,058</u>	<u>76,127,771</u>
Deferred outflows of resources		
Pension related (Note 7)	693,626	725,054
OPEB related (Note 9)	233,665	247,902
Total deferred outflows of resources	<u>927,291</u>	<u>972,956</u>
Liabilities		
Current liabilities:		
Accounts payable:		
Metropolitan Water District	918,470	679,397
Other	1,258,382	1,243,531
Accrued liabilities	390,116	120,300
Unearned revenue	23,900	27,800
Due to State Water Resources Control Board, current portion	636,047	624,770
Compensated absences, current portion (Note 5)	49,825	44,066
Total current liabilities	<u>3,276,740</u>	<u>2,739,864</u>
Noncurrent liabilities:		
Net pension liability (Note 7)	2,539,000	2,323,090
Net OPEB liability (Note 9)	1,503,381	1,907,763
Due to State Water Resources Control Board, net of current portion	7,961,230	8,597,277
Compensated absences, net of current portion (Note 5)	35,999	14,340
Total noncurrent liabilities	<u>12,039,610</u>	<u>12,842,470</u>
Total liabilities	<u>15,316,350</u>	<u>15,582,334</u>
Deferred inflows of resources		
Pension related (Note 7)	168,236	170,877
OPEB related (Note 9)	305,977	1,320
Total deferred inflows of resources	<u>474,213</u>	<u>172,197</u>
Net position		
Net investment in capital assets	46,884,683	43,767,610
Unrestricted	15,706,103	17,578,586
Total net position	<u>\$ 62,590,786</u>	<u>\$ 61,346,196</u>

The accompanying notes are an integral part of these financial statements.

Upper San Gabriel Valley Municipal Water District

Statement of Revenues, Expenses and Changes in Net Position For the fiscal year ended June 30, 2020 (With comparative data for prior year)

	<u>2020</u>	<u>2019</u>
Operating revenues		
Water revenue	\$ 32,810,349	\$ 37,458,960
Water conservation	372,176	837,580
Other revenues	205,417	87,801
	<hr/>	<hr/>
Total operating revenues	33,387,942	38,384,341
	<hr/>	<hr/>
Operating expenses		
Sources of supply	28,321,398	31,457,823
Water quality and supply program	2,962,421	2,781,409
Recycling costs	938,739	883,407
Conservation	1,694,838	2,334,984
Depreciation	1,101,741	1,110,850
General and administrative	2,372,741	2,057,344
	<hr/>	<hr/>
Total operating expenses	37,391,878	40,625,817
	<hr/>	<hr/>
Operating loss	(4,003,936)	(2,241,476)
	<hr/>	<hr/>
Nonoperating revenues		
Standby charges	4,046,838	3,648,044
Investment earnings	352,895	421,629
Gain on disposal of property	4,225	-
Taxes	723,563	613,423
	<hr/>	<hr/>
Total nonoperating revenues	5,127,521	4,683,096
	<hr/>	<hr/>
Income before contributions	1,123,585	2,441,620
	<hr/>	<hr/>
Capital contributions	121,005	185,831
	<hr/>	<hr/>
Change in net position	1,244,590	2,627,451
	<hr/>	<hr/>
Net position, beginning of year	61,346,196	58,718,745
	<hr/>	<hr/>
Net position, end of year	\$ 62,590,786	\$ 61,346,196
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

Upper San Gabriel Valley Municipal Water District

Statement of Cash Flows For the fiscal year ended June 30, 2020 (With comparative data for prior year)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Cash received from customers	\$ 33,855,466	\$ 38,573,692
Cash payments to suppliers for goods and services	(31,391,775)	(41,796,389)
Cash payments for employees for services	(1,767,216)	(2,176,408)
	<u>696,475</u>	<u>(5,399,105)</u>
Cash flows from noncapital financing activities		
Cash received from property taxes	723,563	613,423
Cash received from standby charges	4,046,838	3,648,044
	<u>4,770,401</u>	<u>4,261,467</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(3,594,044)	(418,223)
Proceeds from sale of property	4,225	-
Repayment of project finance agreements	(624,770)	(613,692)
Capital contributions	121,005	185,831
	<u>(4,093,584)</u>	<u>(846,084)</u>
Cash flows from investing activities		
Cash received from sale and maturity of investments	5,300,450	2,210,000
Acquisition of investments	(5,421,427)	(2,156,833)
Investment earnings	307,583	213,643
	<u>186,606</u>	<u>266,810</u>
Net cash provided by (used for) investing activities	<u>186,606</u>	<u>266,810</u>
Net change in cash and cash equivalents	1,559,898	(1,716,912)
Cash and investments, beginning of year	<u>7,934,091</u>	<u>9,651,003</u>
Cash and investments, end of year	<u>\$ 9,493,989</u>	<u>\$ 7,934,091</u>

The accompanying notes are an integral part of these financial statements.

Upper San Gabriel Valley Municipal Water District

Statement of Cash Flows For the fiscal year ended June 30, 2020 (With comparative data for prior year), (continued)

	<u>2020</u>	<u>2019</u>
Reconciliation of operating loss to net cash provided by (used for) operating activities:		
Operating loss	\$ (4,003,936)	\$ (2,241,476)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:		
Depreciation	1,101,741	1,110,850
(Increase) decrease in assets and deferred outflows of resources:		
Receivables	471,424	301,832
Prepurchased water	2,473,879	(3,982,991)
Prepaid expenses	(53,100)	43,047
Deferred outflows of resources	45,665	51,172
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable and accrued liabilities	523,740	(523,517)
Unearned revenue	(3,900)	(112,481)
Compensated absences	27,418	11,757
Deferred inflows of resources	302,016	51,435
Net pension liability	(404,382)	(76,155)
Net OPEB liability	215,910	(32,578)
Net cash provided by (used for) operating activities	<u>\$ 696,475</u>	<u>\$ (5,399,105)</u>
Schedule of non-cash operating, noncapital and capital related financing and investing activities		
Fair market value adjustment	\$ 113,940	\$ 40,446

The accompanying notes are an integral part of these financial statements.

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the entity

Upper San Gabriel Valley Municipal Water District (Upper District), which comprises an area of approximately 144 square miles, was incorporated on January 7, 1960 under the provisions of the Municipal Water District Law of 1911, as amended, (now cited as "The Municipal Water District Law of 1911", Division 20, California Water Code) as a result of a special election held on December 8, 1959. On March 12, 1963, the voters of Upper District elected to join the Metropolitan Water District of Southern California. On November 2, 1965, the citizens of West Covina voted to join Upper District.

Adjudication proceedings, which established the legal determination of water rights of individual pumpers in the area in relation to the safe yield of the total water basin, were completed on December 29, 1972. The decree established a Watermaster, the Main San Gabriel Basin Watermaster, who took over the function of levying and collecting the assessments that had previously been levied and collected by Upper District through its reimbursement contract and replenishment funds.

Upper District's mission is to consistently meet our region's need for reliable, high quality and affordable water.

Basis of accounting and measurement focus

Upper District is considered an enterprise fund for financial reporting purposes. The accompanying financial statements have been prepared using the economic measurement focus and the accrual basis of accounting, in conformity with generally accepted accounting principles (GAAP) and the Uniform Systems of Accounts for Water Utility Districts as prescribed by the Controller of the State of California. Under this basis of accounting and measurement focus, revenues are recognized when they are earned and expenses are recognized when they are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they were levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

Net position

Sometimes Upper District will fund outlays for a particular purpose from both restricted (e.g., grant proceeds) 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 the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net position (continued)

Net position is categorized as follows:

- *Net investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- *Restricted* – This component of net position consists of constraints placed on resources 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* – This component of net position consists of resources that do not meet the definition of “restricted” or “net investment in capital assets.”

Upper District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an entity’s ongoing operations. Upper District defines operating revenues as those realized by Upper District in exchange for providing its primary services for water sales and water programs including conservation and recycled water. Nonoperating revenues are those derived from the investment of cash reserves and from entities other than customers and other ancillary sources.

Pension

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

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

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

Postemployment benefits other than pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the Upper District's OPEB Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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 the reported amounts of assets and liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risk management

Upper District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters. It is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk-pooling, self-insurance authority, created under the provisions of California Government Code Sections 6500 et. seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

On June 30, 2020, Upper District participated in the self-insurance program of the Insurance Authority as follows:

Property Loss – The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage up to \$500,000,000 (total insurable value of \$9,052,164), with deductibles ranging from \$2,500 to \$100,000.

General, Auto and Public Officials Errors and Omissions Liability – The Insurance Authority has pooled self-insurance up to \$5,000,000 and has purchased excess insurance coverage up to \$55,000,000.

Cyber Liability – The Insurance Authority has pooled self-insurance up to \$3,000,000 per occurrence subject to a \$5,000,000 aggregate limit.

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

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

Risk management (continued)

Fidelity: Public Employee Dishonesty, Forgery or Alteration, Computer Fraud & ERISA – The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence, with \$1,000 deductible.

Workers' Compensation – The Insurance Authority has pooled self-insurance up to \$2,000,000 each for workers' compensation and employers' liability. The employers' liability is insured up to \$2,000,000, in excess of \$2,000,000 Self-Insured Retention. Workers' compensation is insured up to the statutory limit.

There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

Cash and cash equivalents

For purposes of the statements of cash flows, cash and cash equivalents have been defined as deposits and highly liquid investments with maturity of 90 days or less at the date of purchase.

Investments

Investments are stated at fair value (the value at which financial instruments could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale). Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Capital assets and depreciation

Capital assets are recorded at cost. If applicable, donated assets are stated at acquisition value on the date donated. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Upper District uses differing capitalization thresholds for the classes of assets based on materiality. Upper District's policy is to review for capitalization those expenditures greater than \$500 that have a useful life of more than one year. Estimated service lives for Upper District's classes of assets are as follows:

Distribution system	50 years
Building	50 years
Building improvements	10 - 15 years
Furniture and equipment	5 - 10 years

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned revenue

Unearned revenue is water revenue paid by customers, as well as, rental revenue paid by a lessee in the current period but is yet to be earned by Upper District.

Compensated absences

Upper District's policy is to permit employees to accumulate a limited amount of earned vacation and sick leave. Accumulated vacation time is accrued at year-end to account for Upper District's obligation to the employees for the amount owed. It is management's belief that the majority of the obligation will be utilized during the course of the next fiscal year. Vacation pay is payable to employees at the time a vacation is taken, cashed out, or upon termination of employment. Normally, an employee cannot accrue more than thirty days of vacation each year. Sick leave is payable when an employee is unable to work because of illness. Upon retirement, an employee will be paid for any unused sick leave.

Overhead absorption

Certain operating expenses are allocated to capital assets using management's allocation of manpower and service estimates that are directly related to the construction of capital assets.

Contributions for capital acquisitions/construction

Contributions for capital acquisitions/construction represent cash and capital asset additions contributed to Upper District by federal, state, and local granting agencies.

Reclassifications

Upper District has reclassified certain prior year information to conform to current year presentation, with no effect on net position.

Budgetary policies

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

Allowance for doubtful accounts

Upper District recognizes bad debt expense relating to receivables when it is probable that the accounts will be uncollectible. As of June 30, 2020, all receivables were deemed collectible.

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes

The County bills and collects property taxes on behalf of numerous special districts and incorporated cities, including Upper District. The Upper District's current year tax collection is received through periodic apportionments from the County. The County's tax calendar is from July 1 to June 30. Property taxes attach as a lien on the property on January 1. Taxes are levied on July 1 and are payable in two equal installments on November 1 and February 1, and become delinquent after December 10 and April 10, respectively.

Prepurchased water

Pre-purchased water consists of groundwater purchased from the Metropolitan Water District and not immediately sold to client agencies. It is valued based upon purchase cost and consumed on a first in first out basis.

NOTE 2 CASH AND INVESTMENTS

Cash and investments are presented in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 9,493,989
Investments	<u>5,166,413</u>
Total cash and investments	<u>\$ 14,660,402</u>

Cash and investments as of June 30, 2020 consist of the following:

Imprest cash on hand	\$ 500
Deposits with financial institutions	1,316,621
Cash with investment broker	515,570
Local Agency Investment Fund ⁽¹⁾	<u>7,661,297</u>
Total cash	<u>9,493,988</u>
Money market mutual funds	85,275
Agency Funds	2,486,363
U.S. Treasury Funds	1,766,511
U.S. Corporate Funds	<u>828,265</u>
Total investments	<u>5,166,414</u>
Total cash and investments	<u>\$ 14,660,402</u>

⁽¹⁾Upper District is a voluntary participant in the Local Agency Investment Fund (LAIF), a special fund regulated by the California State Treasury through which each city, district or agency may invest up to \$75 million. As of June 30, 2020, the total fair value of LAIF, including accrued interest was approximately \$102 billion. Upper District's proportionate share of that value is \$7.7 million as of June 30, 2020. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. As regards to credit rating, LAIF is unrated as of June 30, 2020.

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investment policy

The Upper District's investment policy outlines the guidelines required to be used in effectively managing Upper District's available cash in accordance with the California Government Code. To address interest rate risk, the Upper District's existing policy limits the maturity of investments to five years, with the exception of special trust funds which shall not be subject to this limitation. To mitigate credit risks associated with its investments, the Upper District's investment policy limits investments to large institutions and requires diversification to ensure that failure of one issuer will not significantly affect the Upper District's cash flow.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Upper District's investments in LAIF have a weighted average maturity of 194 days, generally consistent with its cash flow and liquidity needs. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest.

Information about the sensitivity of the fair values of the Upper District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Upper District's investments by maturity.

Maturities of investments at June 30, 2020, were as follows:

Investment Type (including LAIF)	Total	Remaining maturing (in months)			
		12 Months or Less	13 to 36 Months	37 to 60 Months	More than 60 Months
Local Agency Investment Fund	\$ 7,661,297	\$ 7,661,297	\$ -	\$ -	\$ -
Money market mutual funds	85,275	85,275	-	-	-
Agency funds	2,486,363	506,841	1,979,522	-	-
U.S. Treasury funds	1,766,511	558,264	1,208,247	-	-
U.S. Corporate funds	828,265	592,031	236,234	-	-
Total	<u>\$ 12,827,711</u>	<u>\$ 9,403,708</u>	<u>\$ 3,424,003</u>	<u>\$ -</u>	<u>\$ -</u>

Concentration of credit risk

A concentration of credit risk is the risk of loss attributable to the magnitude of the Upper District's investment in a single issuer. The Upper District's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2020, there were no investments in any one issuer (other than U.S. Treasury securities, agency funds, corporate funds, and external investment pools) that represent 5% or more of total Upper District investments.

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Custodial credit risk

Custodial credit risk is the risk that the Upper District will not be able to (a) recover deposits if the depositor financial institution fails, or (b) recover the value of investments or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails.

Deposits

The California Government Code requires California banks and savings and loan associations to secure a local governmental agency's (agency) deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150% of an agency's total deposits. The agency may waive collateral requirements for deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

Deposits are exposed to custodial credit risk if they are uninsured and are either:

- a. Uncollateralized;
- b. Collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the depositor-government's name.

At June 30, 2020, Upper District's deposits (bank balances) exceeded the maximum deposit insurance amount by \$1,235,872, which is collateralized as described above.

Investments

The California Government Code authorizes Upper District to invest in obligations of the United States Treasury, agencies, and instrumentalities; prime commercial paper; bankers' acceptances; repurchase and reverse repurchase agreements; financial futures or financial option contracts; negotiable certificates of deposit; obligations of the State of California; and, obligations of local agencies within California.

Investments are exposed to custodial credit risk if they are uninsured, unregistered and held by either:

- a. Counterparty;
- b. The counterparty's trust department or agent but not in the government's name.

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Upper District's investment policy limits eligible investments to large institutions. As of June 30, 2020, Upper District had the majority of its investments in LAIF.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of year-end for each investment type.

Credit ratings of investments as of June 30, 2020, were as follows:

<u>Investment Type (including LAIF)</u>	<u>Total</u>	<u>Minimum legal rating</u>	<u>Standard & Poor's Rating as of year end</u>
Local Agency Investment Fund	\$ 7,661,297	N/A	Unrated
Investments:			
Money market mutual funds	85,275	A	AAA
Agency funds	2,486,363	N/A	AA+
U.S. Corporate funds	<u>828,265</u>	N/A	A+
Subtotal	11,061,200		
U.S. Treasury funds	<u>1,766,511</u>		
Total	<u>\$ 12,827,711</u>		

NOTE 3 FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Upper District 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; while Level 3 inputs are significant unobservable inputs.

- Level 1 inputs are quoted prices for identical assets or liabilities in active markets that government can access at the measurement date.

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

- Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive market; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 inputs are unobservable inputs for an asset or liability.

The following table represent the Upper District's fair value hierarchy for its financial assets measured at fair value on a recurring basis:

Investment by fair value level	Fair value measurement using			
	Total	Level 1	Level 2	Level 3
Agency funds	\$ 2,486,363	\$ -	\$ 2,486,363	.
U.S. Treasury funds	1,766,511	-	1,766,511	-
U.S. Corporate funds	828,265	-	828,265	-
	5,081,139	\$ -	\$ 5,081,139	\$ -
Investments not subject to fair value measurements:				
LAIF	7,661,297			
Money market mutual funds	85,275			
Total investments	\$ 12,827,711			

Upper District's investments in LAIF as of June 30, 2020 are reported at the Upper District's pro-rata share of the amortized cost provided by LAIF for the entire portfolio.

The remainder of this page left intentionally blank.

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

NOTE 4 CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2020 were as follows:

	Beginning balance	Increases	Decreases	Ending balance
Capital assets, not being depreciated				
Intangible utility plant	\$ 656,874	\$ -	\$ -	\$ 656,874
Construction in progress	8,576,495	-	-	8,576,495
Total capital assets, not being depreciated	<u>9,233,369</u>	<u>-</u>	<u>-</u>	<u>9,233,369</u>
Capital assets, being depreciated:				
Buildings and improvements	-	3,548,056	-	3,548,056
Water recycling	52,105,171	-	-	52,105,171
Furniture and equipment	421,219	45,988	(29,830)	437,377
Other	116,490	-	-	116,490
Total capital assets, being depreciated	<u>52,642,880</u>	<u>3,594,044</u>	<u>(29,830)</u>	<u>56,207,094</u>
Less accumulated depreciation for:				
Water recycling	(8,432,315)	(1,072,635)	-	(9,504,950)
Furniture and equipment	(340,291)	(21,144)	29,830	(331,605)
Other	(113,986)	(7,962)	-	(121,948)
Total accumulated depreciation	<u>(8,886,592)</u>	<u>(1,101,741)</u>	<u>29,830</u>	<u>(9,958,503)</u>
Total capital assets being depreciated, net	<u>43,756,288</u>	<u>2,492,303</u>	<u>-</u>	<u>46,248,591</u>
Total capital assets, net	<u>\$ 52,989,657</u>	<u>\$ 2,492,303</u>	<u>\$ -</u>	<u>\$ 55,481,960</u>

Major capital asset additions during the year include work on various stages of construction projects. A significant portion of these additions were constructed by the Upper District and/or subcontractors.

NOTE 5 COMPENSATED ABSENCES

Changes in compensated absences for the year ended June 30, 2020 were as follows:

Balance at beginning of year	\$ 58,406
Earned by employees	88,966
Taken by/paid to employees	<u>(61,548)</u>
Balance at end of year	85,824
Less current portion	<u>49,825</u>
Long-term portion	<u>\$ 35,999</u>

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

NOTE 6 AGREEMENTS WITH STATE WATER RESOURCES CONTROL BOARD

Project finance agreements (direct borrowing)

In December 2009, Upper District entered into four (4) project finance agreements with the California State Water Resources Control Board (CSWRCB) for a total amount of \$17.02 million for the purpose of financing the planning, design, acquisition, construction, and installation of the Water Recycling Pipeline and Pump Station Project Phase IIB. Principal payments range from \$75,541 to \$527,409 varying by loan. These project funds shall be repaid in annual installments commencing on the date that is one year after completion of construction and payable up to 21 years at zero interest rate. In addition, the Upper District has pledged all net revenues for repayment of the debt. As of June 30, 2020, Upper District has drawn down a total of \$13,171,937 under this agreement. Construction activities funded by the CSWRCB loans were completed as of June 30, 2013.

Balance at the beginning of year	\$ 9,222,047
Principal payments	<u>(624,770)</u>
Balance at end of year	8,597,277
Less short-term portion	<u>(636,047)</u>
Long-term portion	<u>\$ 7,961,230</u>

Amounts due under the agreements, which include imputed interest, are as follows:

<u>Fiscal year ending June 30,</u>	<u>Amount</u>
2021	\$ 791,232
2022	791,232
2023	791,232
2024	791,232
2025	791,232
2026-2030	3,956,162
2031-2033	<u>1,744,789</u>
Total	<u>\$ 9,657,111</u>

Upper District repaid \$791,232 during the year ended June 30, 2020, of which \$624,770 related to principal payments and \$166,462 related to imputed interest.

In the event of a termination, Upper District has agreed, upon demand, to immediately repay to the State Water Board an amount equal to installment payments due hereunder, including accrued interest, and all penalty assessments due. In the event of termination, interest shall accrue on all amounts due at the highest legal rate of interest from the date that notice of termination is mailed to the Upper District to the date of full repayment by the Upper District.

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

NOTE 7 DEFINED BENEFIT PENSION PLAN

A. General information about the Pension Plan

Plan description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District sponsors a cost sharing multiple employer defined benefit pension plan. Benefit provisions under the Plan are established by State statute and District 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, at 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 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures, and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits provided (continued)

The Plan's provisions and benefits in effect at June 30, 2020 are summarized as follows:

	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensations	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates (reporting period)	8.00%	7.50%
Required employer contribution rates (reporting period)	15.097%	7.528%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (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 CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety 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. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2020 were \$313,575. The actual employer payments of \$270,063 made to CalPERS by the District during the measurement period ended June 30, 2019 differed from the District's proportionate share of the employer's contributions of \$305,619 by \$35,556, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

B. Net Pension Liability

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

NOTE 7 **DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Actuarial methods and assumptions used to determine Total Pension Liability

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Asset Valuation Method:	Market Value of Assets
Discount Rate	7.15%
Inflation	2.50%
Salary Increase	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter

⁽¹⁾ The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years or projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on the table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

Long-term expected rate of return

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

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

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Long-term expected rate of return (continued)

The expected real rates of return by asset class are as follows:

<u>Asset Class¹</u>	<u>Current Strategic Allocation</u>	<u>Real Return Years 1 - 10²</u>	<u>Real Return Year 11+³</u>
Global Equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92%)
Total	<u>100.0%</u>		

¹ In the System's 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.

² An expected inflation of 2.0% used for this period

³ An expected inflation of 2.92% used for this period

Change of assumptions

There were no changes in assumptions.

Discount rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

C. Proportionate share of Net Pension Liability

The following table shows the Plan's proportionate share of the net pension liability over the measurement period.

	Plan Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Plan Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
Balance at: 6/30/2018 (VD)	\$ 9,482,693	\$ 7,159,603	\$ 2,323,090
Balance at: 6/30/2019 (MD)	9,914,683	7,375,683	2,539,000
Net change during 2018-19	431,990	216,080	215,910
Valuation Date (VD), Measurement Date (MD)			

The District'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, 2019, 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, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov.

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

NOTE 7 DEFINED BENEFIT PENSION PLAN, (CONTINUED)

C. Proportionate share of the Net Pension Liability (continued)

The District's proportionate share of the net pension liability for the Plan (miscellaneous) as of the June 30, 2018 and 2019 measurement dates was as follows:

Proportion share of NPL - MD June 30, 2019	0.06164%
Proportion share of NPL - MD June 30, 2020	0.06340%
Change - Increase (Decrease)	0.00176%

Sensitivity of the proportionate share of the Net Pension Liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Plan's Net Pension Liability	\$ 3,872,555	\$ 2,539,000	\$ 1,438,244

Subsequent events

There were no subsequent events that would materially affect the results presented in this disclosure.

Amortization of deferred outflows and deferred inflows of resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

NOTE 7 **DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Amortization of deferred outflows and deferred inflows of resources (continued)

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
--	-----------------------------------

All other amounts	Straight-line amortization over the average expected remaining services lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period
-------------------	--

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2019 is 3.8 years, which was obtained by dividing the total service years of 530,470 (the sum of remaining service lifetimes of the active employees) by 140,593 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

D. Pension expense and deferred outflows and deferred inflows of resources related to pensions

As of the state of the measurement period (July 1, 2018), the District's net pension liability was \$2,323,090. For the measurement period ending June 30, 2019 (the measurement date), the District incurred a pension expense of \$558,272.

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

D. Pension expense and deferred outflows and deferred inflows of resources related to pensions (continued)

As of June 30, 2020, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 176,344	\$ 13,663
Changes in assumptions	121,071	42,919
Difference between projected and actual investment earnings	-	44,390
Difference between employer's contribution and proportionate share of contributions	-	67,264
Change in employer's proportion	82,636	-
Pension contributions made subsequent to measurement date	313,575	-
Totals	<u>\$ 693,626</u>	<u>\$ 168,236</u>

These amounts above are net of outflows and inflows recognized in the 2018-19 measurement period expense. Contributions subsequent to the measurement date of \$313,575 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal year ended June 30,	Deferred outflows/(inflows) of resources, net
2021	\$ 195,697
2022	(18,574)
2023	25,722
2024	8,970
2025	-
Thereafter	-

E. Payable to the pension plan

At June 30, 2020, the District reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year then ended.

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

NOTE 8 DEFERRED COMPENSATION AGREEMENT

Upper District offers its employees a deferred compensation plan (DC Plan) created in accordance with Internal Revenue Code Section 457. The DC Plan, available to all of the Upper District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency.

All amounts of compensation deferred under the DC Plan are held in trust and are not subject to the creditors of the Upper District. Accordingly, the assets and liabilities of the DC Plan are not reflected on these financial statements.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General information about the OPEB Plan

Plan description

Upper District has an agent multiple-employer defined benefit plan administered by CalPERS through an irrevocable trust, the California Employer's Retiree Benefit Trust (CERBT). The CalPERS Board of Administration has sole and exclusive control and power over the administration and investment of the CERBT. The plan itself does not issue a separate set of financial statements. The CERBT plan does issue a separate set of financial statements that can be obtained from the CalPERS website.

Upper District's postemployment healthcare benefits provided to certain qualified employees, directors and their dependents based on resolutions by the Board of Directors are as follows:

- A Health & Accident and Major Medical Payments Insurance Policy, as selected and approved by the Board.
- A maximum of \$2,500 per calendar year for retirees and their dependents for medical costs not covered by the insurance policy above.
- A maximum of \$2,500 per calendar year for costs of dental, vision and/or hearing.

These benefits are provided to each retired employee who has served the Upper District for more than ten years before terminating employment at age 55 years or older and each retired director who served in office after January 1, 1981, was elected to the board prior to January 1, 1995, has served not less than twelve years or three full terms of office and has attained the age of 50 years.

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Employees covered by benefit terms

At June 30, 2019 (valuation date), the following employees were covered by the benefit terms of the Plan:

Category	Count
Active employees	12
Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefit payments	-
Total	20

Contributions and funding policy

The contribution requirements of plan members and the Upper District are established and may be amended by the Board of Directors. In March 2014, the Board of Directors authorized the execution of the prefunding agreement with the CERBT and fully funding the annual required contributions (contractually determined) for OPEB.

During fiscal year ended June 30, 2020, Upper District contributed \$226,843 to the Plan. At June 30, 2019, the Trust account balance was \$956,706. The Trust assets are dedicated to providing benefits to retirees and are legally protected from the creditors of the Upper District and the plan members. The Trust assets are not reported in the Upper District's financial statements.

B. Net OPEB Liability

Upper District's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

Actuarial assumptions

This valuation assumes that the Upper District will fund the Plan on an ad hoc basis, in an amount sufficient to fully fund the obligation over a period not to exceed 30 years. The Normal Cost is the portion of the Actuarial Present Value of benefits allocated to a valuation year. The UAAL is the excess of the Entry Age Normal Actuarial Accrued Liability over the Market Value of Assets.

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB), (CONTINUED)

The total OPEB liability for the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age actuarial cost method
Inflation	2.75%
Salary increases	2.75% per year
Investment rate of return	7.0% per year net of expenses; based on assumed long-term return on plan assets assuming 100% funding through CERBT using the Building Block Method
Healthcare cost trend rates	4% per year
Mortality rates	Based on 2014 CalPERS active mortality for Miscellaneous employees

The valuation used historic 30-year real rates of return for each class along with the assumed long-term inflation assumption to set the discount rate. It offsets the expected investment return by investment expenses of 25 basis points. Following is the assumed asset allocation and assumed rate of return for each asset class:

Asset Class	Percentage of Portfolio	Assumed Growth Return
US Large Cap	43%	7.7950%
US Small Cap	23%	7.7950%
Long-term Corporate Bonds	12%	5.2950%
Long-term Government Bonds	6%	4.5000%
Treasury Inflation Protected Securities (TIPS)	5%	7.7950%
US Real Estate	8%	7.7950%
All Commodities	3%	7.7950%
Total	100%	

Discount rate

The discount rate used to measure the total OPEB liability was 7.0%. This assumes that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. The rate is based on the real rate of return expected for plan assets plus long term inflation assumption.

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB), (CONTINUED)

Change in the Net OPEB Liability

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2019 (Measurement Date June 30, 2018)	\$ 2,672,403	\$ 764,640	\$ 1,907,763
Changes for the year:			
Service cost	55,484	-	55,484
Interest on the total OPEB liability	183,972	-	183,972
Contributions - employer	-	247,902	(247,902)
Investment income	-	58,540	(58,540)
Experience gains/losses	(307,813)	-	(307,813)
Investment gains/losses	-	(9,766)	9,766
Benefit payments	(143,959)	(104,446)	(39,513)
Administrative expenses	-	(164)	164
Net Changes	<u>(212,316)</u>	<u>192,066</u>	<u>(404,382)</u>
Balance at June 30, 2020 (Measurement Date June 30, 2019)	<u>\$ 2,460,087</u>	<u>\$ 956,706</u>	<u>\$ 1,503,381</u>

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

The net OPEB liability of the Upper District, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) follows:

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
Net OPEB Liability	<u>\$ 1,777,762</u>	<u>\$ 1,503,381</u>	<u>\$ 1,271,619</u>

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

The net OPEB liability of the Upper District, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates follows:

	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Net OPEB Liability	<u>\$ 1,270,641</u>	<u>\$ 1,503,381</u>	<u>\$ 1,769,364</u>

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

OPEB expense and deferred inflows and outflows of resources related to OPEB

For the year ended June 30, 2020, Upper District recognized OPEB expense of \$141,355 with details as follows:

	<u>Total</u>
Service Cost	\$ 55,484
Interest on total OPEB liability	183,972
Recognized experience (gains)/losses	(41,349)
Actual investment income	(58,540)
Recognized investment (gains)/losses	1,624
Administration expense	<u>164</u>
Total OPEB Expense	<u>\$ 141,355</u>

At June 30, 2020, Upper District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 226,843	\$ -
Experience gains/losses	-	305,977
Investment gains/losses	6,822	-
Total	<u>\$ 233,665</u>	<u>\$ 305,977</u>

The \$226,843 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the upcoming fiscal year. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as follows:

<u>Fiscal year ended June 30:</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ (39,725)
2022	(39,725)
2023	(39,725)
2024	(39,399)
2025	(41,349)
Thereafter	(99,232)

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

NOTE 10 COMMITMENTS AND CONTINGENCIES

Operating lease

Upper District has entered into a non-cancellable operating lease for its office space in Monrovia, California. Amounts due under the lease are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2021	\$ 246,013
2022	<u> 20,551</u>
Total	<u>\$ 266,564</u>

On July 25, 2018, the lease was amended providing the Upper District an ongoing right to terminate the lease on or after August 1, 2018 with twelve (12) months prior written notice to the lessor. The Upper District incurred rental expense of \$241,243 for the year ended June 30, 2020.

Grant awards

Upper District has received funds for specific purposes that are subject to review and audit by the grantors. Although such audits could generate expenditure disallowances under terms of the grants or contracts, management believes that any required reimbursements will not be material.

Litigation

Legal claims and lawsuits arise from time to time in the normal course of business, which, in the opinion of management, will have no material effect on the Upper District's financial position.

Construction activities

Upper District has a variety of agreements with private contractors relating to the construction of water recycling projects. Upper District has no commitments from open construction contracts as of June 30, 2020.

Upper San Gabriel Valley Municipal Water District

Notes to Financial Statements For the fiscal year ended June 30, 2020

NOTE 11 COVID 19 CONSIDERATIONS

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. As a result, the outbreak has caused uncertainty in the financial markets. However, even though the District's office remains closed to the public, Upper District continues to provide essential services to its customers. Its operations and revenue sources have not been significantly impacted by the pandemic.

Required Supplementary Information

Upper San Gabriel Valley Municipal Water District

Schedule of the District's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date Last 10 Years*

<u>Measurement date</u>	<u>Employer's proportion of the collective net pension liability (asset)</u>	<u>Employer's proportionate share of the collective net pension liability ¹</u>	<u>Covered payroll</u>	<u>Employer's proportionate share of the collective net pension liability as a percentage of the employer's covered payroll</u>	<u>Pension plan's fiduciary net position as a percentage of the total pension liability</u>
June 30, 2014	0.020400%	\$ 1,269,653	\$ 1,087,130	116.79%	83.23%
June 30, 2015	0.022304%	1,528,941	1,188,341	128.66%	79.89%
June 30, 2016	0.023155%	2,003,628	1,191,276	168.19%	75.87%
June 30, 2017	0.023753%	2,355,668	943,618	249.64%	75.44%
June 30, 2018	0.024108%	2,323,090	1,127,628	206.02%	75.50%
June 30, 2019	0.024778%	2,539,000	1,310,022	193.81%	74.39%

¹ Proportion of the collective net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

* Historical information is required only for measurement periods for which it is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Upper San Gabriel Valley Municipal Water District

Schedule of Pension Plan Contributions Last 10 Years*

<u>Fiscal year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2015	\$ 204,555	\$ (708,613)	\$ (504,058)	\$ 1,188,341	59.63%
June 30, 2016	228,626	(228,626)	-	1,191,276	19.19%
June 30, 2017	203,040	(203,040)	-	943,618	21.52%
June 30, 2018	217,448	(217,448)	-	1,127,628	19.28%
June 30, 2019	270,063	(270,063)	-	1,310,122	20.61%
June 30, 2020	313,575	(313,575)	-	1,423,225	22.03%

Notes to Schedule:

Change in Benefit Terms: None

Changes in Assumptions: There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

* Historical information is required only for measurement periods for which it is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Upper San Gabriel Valley Municipal Water District

Schedule of Changes in the Net OPEB Liability and Related Ratios Last 10 Years*

Measurement date	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 52,554	\$ 53,999	\$ 55,484
Interest on the Total OPEB Liability	171,159	177,712	183,972
Actual and expected experience difference	-	-	-
Experience gains/losses	-	-	(307,813)
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Benefit payments	(120,998)	(142,099)	(143,959)
Net change in Total OPEB Liability	102,715	89,612	(212,316)
Total OPEB Liability - beginning	2,480,076	2,582,791	2,672,403
Total OPEB Liability - ending (a)	2,582,791	2,672,403	2,460,087
Plan Fiduciary Net Position			
Contribution - employer	433,842	261,275	247,902
Net investment income	43,890	46,053	58,540
Investment gains and losses	-	1,650	(9,766)
Benefit payments	(120,998)	(142,099)	(104,446)
Administrative expense	(232)	(1,112)	(164)
Net change in Plan Fiduciary Net Position	356,502	165,767	192,066
Plan Fiduciary Net Position - beginning	242,371	598,873	764,640
Plan Fiduciary Net Position - ending (b)	598,873	764,640	956,706
Net OPEB Liability - ending (a) - (b)	\$ 1,983,918	\$ 1,907,763	\$ 1,503,381
Plan fiduciary net position as a percentage of the total OPEB liability	23.19%	28.61%	38.89%
Covered-employee payroll ¹	\$ 1,107,374	\$ 1,294,561	\$ 1,366,231
Net OPEB liability as a percentage of covered-employee payroll ¹	179.16%	147.37%	110.04%

¹ Contributions to the OPEB plan are not based on a measure of pay.

Notes to schedule:

The following assumptions were changed from the prior valuation:

Mortality Assumptions: Based on the 2014 CalPERS Active Mortality for Miscellaneous Employees.

Healthcare trend: Medical plan premiums are assumed to increase at somewhat higher rates than assumed in the prior valuation, with the ultimate trend of 5.0% per year, rather than 4.5% per year assumed in the prior valuation.

Excise Tax on high cost coverage: The valuation reflects the two year delay in the effective date from 2020 to 2022, as enacted in the Tax Cuts and Jobs Act.

* Historical information is required only for measurement periods for which it is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Upper San Gabriel Valley Municipal Water District

Schedule of OPEB Plan Contributions Last 10 Years*

Fiscal year	Contractually determined contribution	Contributions in relation to the contractually determined contribution	Contribution deficiency (excess)	Covered- employee payroll ¹	Contributions as a percentage of employee covered payroll
June 30, 2018	\$ 120,856	\$ (240,032)	\$ (119,176)	\$ 1,294,561	18.54%
June 30, 2019	104,446	(247,902)	(143,456)	1,366,231	18.14%
June 30, 2020	226,843	(226,843)	-	1,449,600	15.65%

¹ Contributions to the OPEB plan are not based on a measure of pay.

Notes to schedule:

Actuarial methods and assumptions used to set actuarially determined contributions for fiscal year 2019 were from the June 30, 2019 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry age actuarial cost method
Amortization Methodology	Straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits as of the beginning of the Measurement Period. In determining the EARSL, all active, retired, and inactive (vested) members are counted, with the latter two groups having 0 remaining service years
Asset Valuation Method	Market value of assets
Inflation	2.75%
Payroll Growth	2.75% per year; since benefits are not related to pay, this is used only to allocate the cost of benefits between service years
Investment Rate of Return	7.0% per year of net experience; based on assumed long-term return on plan assets assuming 100% funding through CERBT using the Building Block Method
Healthcare Trend	4.0% per year
Retirement Age	2009 CalPERS 2.0% @ 60 Rates for Miscellaneous Employees; 2009 CalPERS 2.7% @ 55 Rates for Miscellaneous Employees
Mortality	2014 CalPERS Active Mortality for Miscellaneous Employees

* Historical information is required only for measurement periods for which it is applicable. Future years' information will be displayed up to 10 years as information becomes available.

**Statistical Section
(Unaudited)**

Upper San Gabriel Valley Municipal Water District

Statistical Section

This part of the Upper District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Upper District's overall financial health.

Table of Contents

	<u>Page</u>
Financial Trends These schedules contain information to help the reader understand how the Upper District's financial performance and financial condition have changed over time.	45
Revenue Capacity These schedules contain information to help the reader assess the Upper District's most significant own-source revenue, water sales.	47
Demographic Information This schedule offers demographic indicators to help the reader understand the environment within which the Upper District's financial activities take place.	53
Operating Information This schedule contains service and infrastructure data to help the reader understand how the information in the Upper District's financial report relates to the service the Upper District provides.	55

Upper San Gabriel Valley Municipal Water District

Changes in Net Position Last Ten Fiscal Years (Unaudited) (In Thousands)

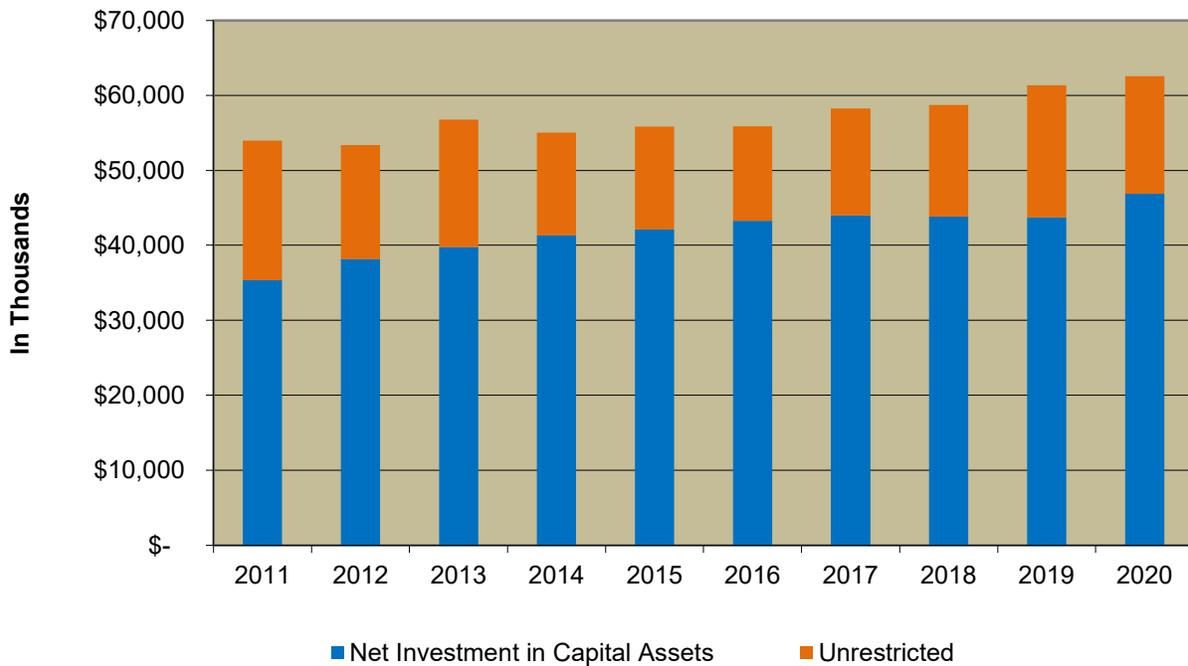
	Fiscal Year Ended June 30									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Changes in net position:										
Operating revenues	\$ 26,057	\$ 15,316	\$ 12,837	\$ 26,691	\$ 37,928	\$ 20,800	\$ 38,154	\$ 22,671	\$ 38,385	\$ 33,388
Operating expenses	(28,331)	(18,856)	(16,842)	(29,801)	(39,849)	(23,770)	(39,557)	(26,900)	(39,515)	(36,290)
Depreciation and amortization	(339)	(377)	(496)	(1,068)	(1,072)	(1,121)	(1,100)	(1,090)	(1,111)	(1,102)
Operating income (loss)	(2,613)	(3,917)	(4,501)	(4,178)	(2,993)	(4,091)	(2,503)	(5,319)	(2,241)	(4,004)
Nonoperating revenues (expenses)										
Standby charges	3,573	3,576	3,542	3,584	3,623	3,541	3,576	3,541	3,648	4,047
Nonoperating program expenses	(174)	(2,306)	(991)	(524)	(592)	(168)	29	29	-	-
Investment earnings	99	65	41	35	68	91	48	132	422	353
Taxes	333	337	379	416	372	441	546	586	613	724
Gain on sale of property and equipment							1,427		-	4
Net nonoperating revenues (expenses)	3,831	1,672	2,971	3,511	3,471	3,905	4,199	5,715	4,683	5,128
Net income (loss) before capital contributions	1,218	(2,245)	(1,530)	(667)	478	(186)	1,696	396	2,442	1,124
Contributions for capital acquisition/construction	3,566	1,645	4,927	349	348	208	685	1,329	186	121
Changes in net position	\$ 4,784	\$ (600)	\$ 3,397	\$ (318)	\$ 826	\$ 22	\$ 2,381	\$ 1,725	\$ 2,628	\$ 1,245

Source: Finance and Administration Department

Upper San Gabriel Valley Municipal Water District

Net Position by Component Last Ten Fiscal Years (Unaudited) (In Thousands)

June 30	Net Investment in Capital Assets		Unrestricted		Total
2011	\$	35,363	\$	18,618	\$ 53,981
2012		38,165		15,216	53,381
2013		39,778		17,000	56,778
2014		41,349		13,667	55,016
2015		42,128		13,714	55,842
2016		43,278		12,587	55,865
2017		44,009		14,237	58,246
2018		43,847		14,872	58,719
2019		43,767		17,579	61,346
2020		46,885		15,706	62,591

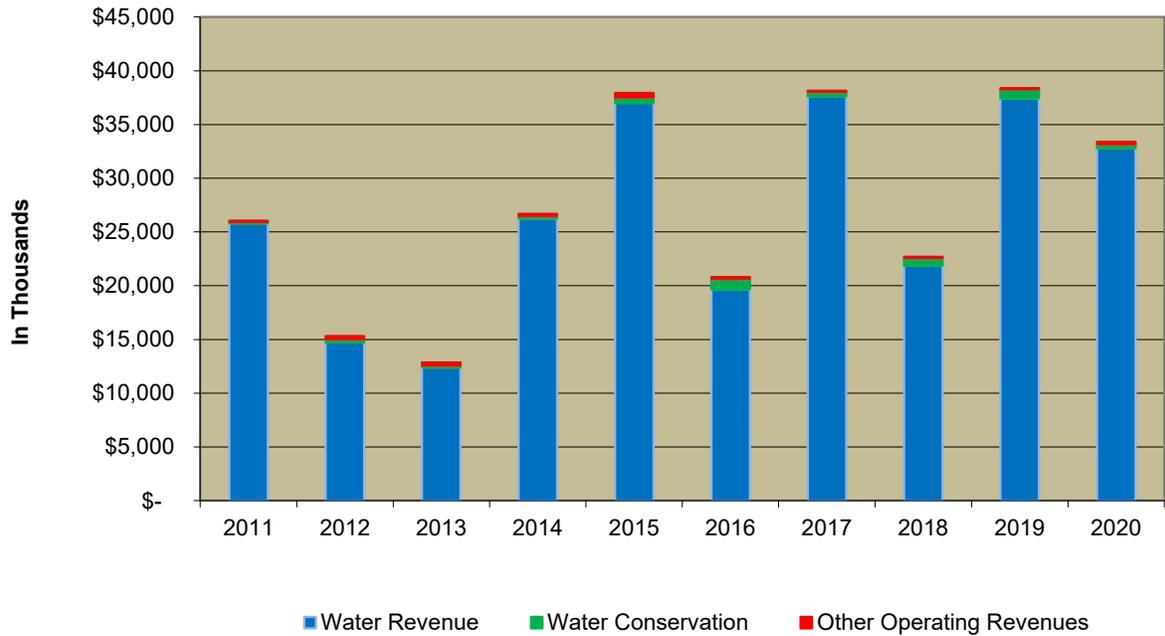


Source: Finance and Administration Department

Upper San Gabriel Valley Municipal Water District

Operating Revenues by Major Source Last Ten Fiscal Years (Unaudited) (In Thousands)

Fiscal Year Ended June 30	Water Revenue	Water Conservation	Other Operating Revenues	Total Operating Revenues
2011	\$ 25,811	\$ 144	\$ 102	\$ 26,057
2012	14,714	333	269	15,316
2013	12,395	195	247	12,837
2014	26,259	245	187	26,691
2015	37,021	545	362	37,928
2016	19,670	996	134	20,800
2017	37,646	430	78	38,154
2018	21,880	713	77	22,670
2019	37,459	837	88	38,384
2020	32,810	372	206	33,388

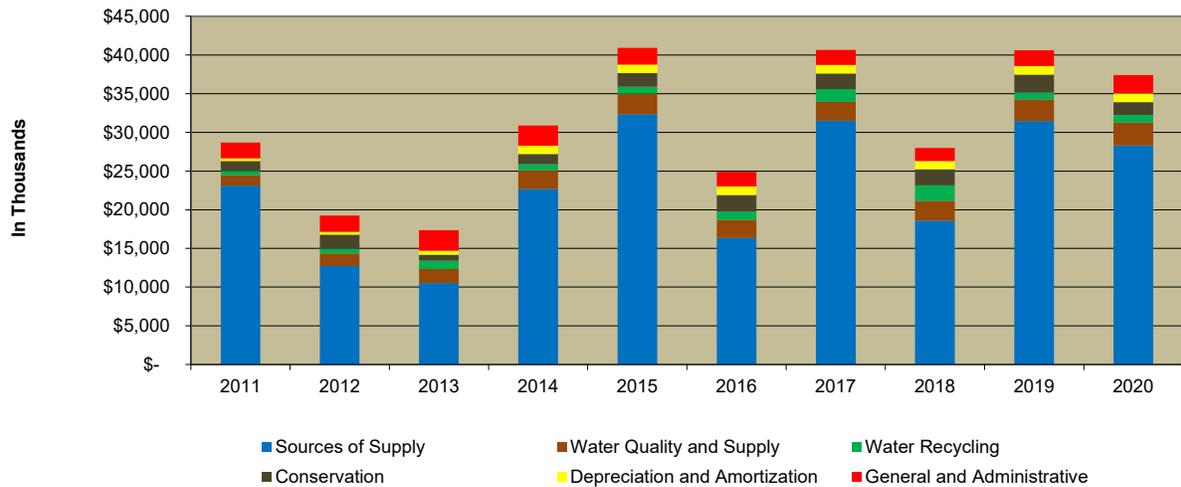


Source: Finance and Administration Department

Upper San Gabriel Valley Municipal Water District

Operating Expenses by Activity Last Ten Fiscal Years (Unaudited) (In Thousands)

Fiscal Year Ended June 30	Sources of Supply	Water Quality and Supply	Water Recycling	Conservation	Depreciation and Amortization	General and Administrative	Total Operating Expenses
2011	\$ 23,119	\$ 1,362	\$ 547	\$ 1,274	\$ 339	\$ 2,029	\$ 28,670
2012	12,730	1,619	639	1,782	378	2,085	19,233
2013	10,524	1,814	1,080	776	496	2,648	17,338
2014	22,657	2,439	781	1,323	1,068	2,601	30,869
2015	32,366	2,623	927	1,767	1,072	2,166	40,921
2016	16,345	2,342	1,066	2,127	1,121	1,890	24,891
2017	31,502	2,441	1,650	2,020	1,100	1,944	40,657
2018	18,590	2,569	2,008	2,049	1,090	1,684	27,990
2019	31,458	2,782	883	2,335	1,111	2,057	40,626
2020	28,321	2,962	939	1,695	1,102	2,373	37,392

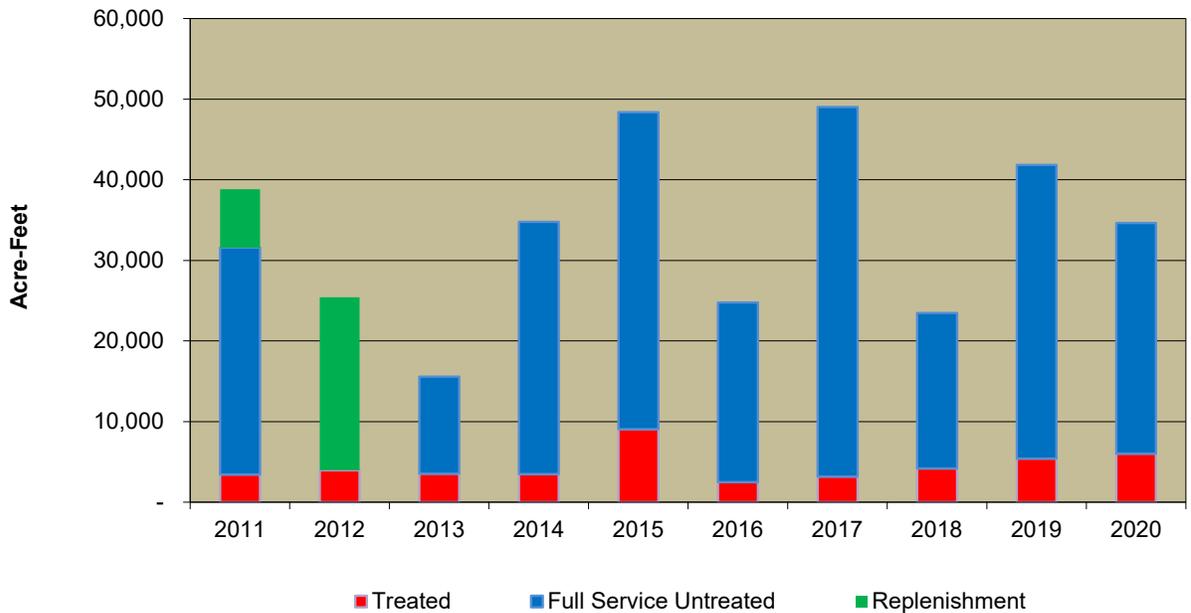


Source: Finance and Administration Department

Upper San Gabriel Valley Municipal Water District

Imported Water Deliveries Last Ten Fiscal Years (Unaudited) (In Acre Feet)

Fiscal Year Ended June 30	Treated	Full Service Untreated	Replenishment	Total
2011	3,426	28,155	7,230	38,811
2012	3,975	-	21,426	25,401
2013	3,528	12,035	-	15,563
2014	3,490	31,289	-	34,779
2015	9,069	39,287	-	48,356
2016	2,495	22,254	-	24,749
2017	3,197	45,813	-	49,010
2018	4,204	19,273	-	23,477
2019	5,420	36,421	-	41,841
2020	6,026	28,616	-	34,642



Source: Finance and Administration Department

Upper San Gabriel Valley Municipal Water District

Imported Water Rates and Charges Fiscal years ended June 30, 2020 and 2019 (Unaudited)

	Rate per Acre-Foot		
	MWD	Upper District Surcharge	Total
Fiscal Year Ended June 30, 2020			
<i>July 1, 2019 to December 31, 2019</i>			
Full Service Treated Tier 1	\$ 1,050	\$ 103	\$ 1,153
Full Service Treated Tier 2	1,136	103	1,239
Full Service Untreated Tier 1	731	103	834
Full Service Untreated Tier 2	817	103	920
<i>January 1, 2020 to June 30, 2020</i>			
Full Service Treated Tier 1	\$ 1,078	\$ 103	\$ 1,181
Full Service Treated Tier 2	1,165	103	1,268
Full Service Untreated Tier 1	755	103	858
Full Service Untreated Tier 2	842	103	945
Fiscal Year Ended June 30, 2019			
<i>July 1, 2018 to December 31, 2018</i>			
Full Service Treated Tier 1	\$ 1,015	\$ 103	\$ 1,118
Full Service Treated Tier 2	1,101	103	1,204
Full Service Untreated Tier 1	695	103	798
Full Service Untreated Tier 2	781	103	884
<i>January 1, 2019 to June 30, 2019</i>			
Full Service Treated Tier 1	\$ 1,050	\$ 103	\$ 1,153
Full Service Treated Tier 2	1,136	103	1,239
Full Service Untreated Tier 1	731	103	834
Full Service Untreated Tier 2	817	103	920

Source: Finance and Administration Department

Upper San Gabriel Valley Municipal Water District

**Water Rates per Acre Foot
Last Ten Fiscal Years (Unaudited)**

<u>As of June 30</u>	<u>Full Service Treated Tier 1</u>	<u>Full Service Treated Tier 2</u>	<u>Full Service Untreated Tier 1</u>	<u>Full Service Untreated Tier 2</u>	<u>Replenishment</u>
2011	\$ 840	\$ 984	\$ 569	\$ 713	\$ 429
2012	874	1,000	640	766	522
2013	927	1,077	673	823	-
2014	970	1,112	673	815	-
2015	1,014	1,146	673	805	-
2016	1,045	1,179	697	831	-
2017	1,082	1,176	769	863	-
2018	1,118	1,204	798	884	-
2019	1,153	1,239	834	920	-
2020	1,181	1,268	858	945	-

Source: Finance and Administration Department

Upper San Gabriel Valley Municipal Water District

Treated Water Sales by Customer Last Ten Fiscal Years (Unaudited) (In Acre Feet)

Fiscal Year Ended June 30	Golden State Water Company	City of South Pasadena	Suburban Water Company	Watermaster/ City of Alhambra	City of Arcadia	City of Monrovia	City of Azusa	Valley County Water District	Total
2011	297	14	688	2,425	-	-	-	-	3,426
2012	172	5	799	2,999	-	-	-	-	3,975
2013	17	196	278	3,037	-	-	-	-	3,528
2014	38	106	361	2,984	1	-	-	-	3,490
2015	5	145	6,208	2,711	-	-	-	-	9,069
2016	2	2	4	2,487	-	-	-	-	2,495
2017	22	4	294	2,877	-	-	-	-	3,197
2018	21	1,134	62	2,987	-	-	-	-	4,204
2019	125	1,577	773	2,944	1	-	-	-	5,420
2020	16	173	2,848	2,983	6	-	-	-	6,026

Source: Finance and Administration Department

Upper San Gabriel Valley Municipal Water District

Demographics and Economic Statistics – Los Angeles County Last Ten Calendar Years (Unaudited)

<u>Fiscal Year</u>	<u>Population (In Thousands)</u>	<u>Per capita Personal Income</u>	<u>Unemployment Rate (Ave. %)</u>
2011	9,902.6	\$ 44,627 ¹	12.2%
2012	9,990.0	48,818 ¹	10.9%
2013	10,056.4	48,140 ¹	9.8%
2014	10,125.0	50,730 ²	8.3%
2015	10,179.0	53,521 ²	6.6%
2016	10,215.0	54,477 ²	5.2%
2017	10,278.0	57,168 ²	4.7%
2018	10,328.0	58,818 ²	4.6%
2019	10,039.1	60,469 ²	4.4%
2020 (f)	10,173.0	50,615 ²	31.7% ³

Notes:

Upper District believes that trends shown by these data are indicative of conditions within its service area.

Source: Los Angeles County Economic Development Corporation's Economic Forecast and Industry Outlook Reports and Los Angeles County Economic Development Corporation's May 2020 Report on Impact of COVID -19 on Census Bureau Data

¹ In 2009 dollars.

² In 2012 dollars.

³ Includes estimated impact of Covid-19.

Upper San Gabriel Valley Municipal Water District

Ten Largest Employers in Los Angeles County June 30, 2020 (Unaudited)

<u>Employer</u>	<u>Number of Employees</u>
County of Los Angeles	113,207
Los Angeles Unified School District	77,928
University of California, Los Angeles	50,957
Federal Government ¹	50,000
Kaiser Permanente	41,349
City of Los Angeles (includes DWP) ²	34,172
State of California ³	30,370
University of Southern California	22,164
Target Corp.	20,000
Northrop Grumman Corp.	18,000

Source: Los Angeles Business Journal

¹ Excludes law enforcement and judiciary.

² Excludes proprietary departments (LA DWP, LAWA, Port of LA).

³ Excludes education employees.

Upper San Gabriel Valley Municipal Water District

Operating and Capital Indicators - General Last Ten Fiscal Years (Unaudited)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Service Area										
Approximate Service Area (in sq. miles)	144	144	144	144	144	144	144	144	144	144
Number of Member Agencies	29	29	29	29	29	29	29	29	29	29
Number of Cities/Communities	18	18	18	18	18	18	18	18	18	18
Active Employees (FTE)	10	10	9	12	12	11	11	12	12	12
Imported Water System										
Number of Service Connections	9	9	9	9	9	9	9	9	9	9
Peak System Capacity (Imported)										
Cubic feet per second	583	583	583	323	323	323	323	323	323	323
Million gallons per day	376	376	376	208	208	208	208	208	208	208
Recycled Water System										
Number of Pump Stations	1	1	1	2	2	2	2	2	2	2
Number of Reservoirs	-	-	-	2	2	2	2	2	2	2
Number of Service Connections	18	33	60	74	76	76	76	76	113	113
Length of Pipeline (in miles)	5	5	9	22	22	22	22	22	22	22

Sources: *Finance and Administration Department*
Government Affairs and Community Outreach Department
Planning, Engineering and Resources Department
Metropolitan Water District of Southern California

Upper San Gabriel Valley Municipal Water District

Operating Indicators – Water Conservation Last Ten Fiscal Years (Unaudited) (In Millions of Gallons)

An effective water conservation program plays a critical role in promoting water use efficiencies that increase available supply of water from existing sources to support economic growth. It is also significantly less costly and more energy and cost-efficient than developing new sources of water. Recognizing these, Upper District has developed over the years a robust program that not only promotes water conservation and public awareness on water issues but also one that has generated significant lifetime water savings. The table below shows the lifetime water savings from Upper District's various conservation programs for the past ten fiscal years.

Project/Device	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Turf Removal Program	-	67.79	-	-	-	-	-	-	-	-
CII SoCal WaterSmart Rebate Program ¹	105.10	218.89	44.04	122.09	209.11	869.45	437.44	188.00	37.04	103.26
ULFT/HET Retrofit Program	278.23	554.52	646.34	963.13	893.51	143.36	23.41	36.00	-	19.31
Synthetic Turf Retrofit Program	32.31	-	-	-	-	-	-	4.00	-	-
Residential SoCal WaterSmart Rebate Program ²	396.07	267.54	192.18	209.45	740.17	1,107.61	406.85	258.00	171.23	138.21
Rain Barrel Distribution Program	-	-	-	-	-	6.14	0.92	-	-	-
Large Landscape Survey and Retrofit Program	-	-	7.37	3.26	1,108.76	815.00	303.11	118.00	107.80	22.14
Total	811.71	1,108.74	889.93	1,297.93	2,951.55	2,941.56	1,171.73	604.00	316.07	282.92

¹ Program previously named CII Water Efficient Rebate Program

² Program previously named Residential Rebate Program

Source: Planning, Engineering and Resources Department

Source: Planning, Engineering and Resources Department

