MID-PENINSULA
WATER DISTRICT

FINANCE COMMITTEE MEETING
THURSDAY, OCTOBER 10, 2019 –11:00AM
3 DAIRY LANE, BELMONT CALIFORNIA

AGENDA

1. **Call to Order**
   A. Roll Call

2. **Public Comment**
   Members of the public may address the Board on the Consent Agenda or any item of interest within the jurisdiction of the Board but not on its agenda today. In compliance with the Brown Act, the Board cannot discuss or act on items not on the agenda. Please complete a speaker's form and give it to the District Secretary. Each speaker is limited to three (3) minutes.

3. **Review DRAFT Financial Audit Report for Fiscal Year Ended June 30, 2018, Presented by David Becker, CPA, of James Marta & Company LLP**

4. **Discuss Funding Gap in 2016 COP Capital Improvement Program**

5. **Discuss Procedures for Periodic Board Examinations of Cash Disbursements**

6. **Adjournment**

This agenda was posted at the Mid-Peninsula Water District's office, 3 Dairy Lane, in Belmont, California, and on its website at www.midpeninsulawater.org.

ACCESSIBLE PUBLIC MEETINGS
Upon request, the Mid-Peninsula Water District will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation (including auxiliary aids or services), to enable individuals with disabilities to participate in public meetings. Please contact the District Secretary at (650) 591-8941 to request specific materials and preferred alternative format or auxiliary aid or service at least 48 hours before the meeting.

MID-PENINSULA WATER DISTRICT
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEARS ENDED
JUNE 30, 2019 AND 2018

JAMES MARTA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

701 HOWE AVENUE, E3
SACRAMENTO, CA

(916) 993-9494
(916) 993-9489 FAX
WWW.JPMCPA.COM

MID-PENINSULA WATER DISTRICT

BOARD OF DIRECTORS

JUNE 30, 2019

Name	Office	Term Expires November
Louis Vella	President	2020
Matthew Zucca	Vice President	2020
Dave Warden	Director	2022
Brian Schmidt	Director	2022
Kirk Wheeler	Director	2022

ADMINISTRATION

Tammy Rudock
General Manager

TABLE OF CONTENTS

James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mid-Peninsula Water District
Belmont, California

Report on the Financial Statements

We have audited the accompanying Statement of Net Position of Mid-Peninsula Water District (the District) as of June 30, 2019 and 2018 and the related Statements of Revenues, Expenses and Changes in Net Position and Cash Flows for the years then ended and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the basic 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's *Minimum Audit Requirements for California Special District*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic 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 basic 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 basic 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 respective financial position of Mid-Peninsula Water District as of June 30, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of Pension Contributions, Schedule of Changes in the Net OPEB Liability and Related Ratios and Schedule of OPEB Contributions 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 (GASB) 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 principally 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.

Change in Accounting Principle

Mid-Peninsula Water District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* which required a restatement of net position as of July 1, 2017. The effects of this restatement are described in Note 11 to the basic financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated DATE on our consideration of Mid-Peninsula Water District's internal control over financial reporting and our tests of its compliance with 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 Mid-Peninsula Water District's internal control over financial reporting and compliance.

DRAFT

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
DATE

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Mid-Peninsula Water District's ("District") annual financial report presents a discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2019. It should be reviewed in conjunction with the District's basic financial statements for the fiscal year ended June 30, 2019.

FINANCIAL HIGHLIGHTS

- The District's Net Position increased by $2,779,893 (13%) during the fiscal year ended June 30, 2019.
- The District's operating revenues increased from the previous year by $588,433 (5%).
- Non-operating revenues decreased from the previous year by -$64,809 (-5%).
- Operating expenses increased by $370,043 (3%).
- Non-Operating expenses decreased by -$13,684 (<1%).

The "Changes in Net Position" portion of the report details the various factors behind the highlights.

USING THIS ANNUAL REPORT

This annual report consists of two parts: Management's Discussion and Analysis and Financial Statements. The Financial Statements also include notes that explain in more detail some of the information contained in those statements.

Required Financial Statements

District financial statements report financial information about the District using accounting methods similar to those used by private sector companies, which include Generally Accepted Accounting Principles (GAAP). The Statement of Net Position included all District assets and liabilities, and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District.

All of the fiscal year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges.

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District cash receipts, cash disbursements and net changes in cash resulting from operating, investing, capital and noncapital financing activities.

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District finances is whether or not the District's overall financial position has improved or deteriorated. The Statement of Net Position and the Statement of Revenues and Expenses and Changes in Net Position report information about the District activities in a way that responds to this question. The statement of the District's net position (the difference between assets and liabilities), is one measure of financial health or financial position. Over time, increases or decreases in District net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider include changes in economic conditions, population growth, and new or changed legislation.

Condensed Statement of Net Position

	June 30, 2019	June 30, 2018	Amount Increase (Decrease)	Percent Increase (Decrease)	June 30, 2017
Current and Other Assets	$ 5,765,142	$ 8,391,384	$ (2,626,242)	-31%	$ 6,647,328
Restricted cash with fiscal agent	14,459,680	16,540,967	(2,081,287)	-13%	18,956,420
Capital Assets, Net	24,395,038	20,657,271	3,737,767	18%	18,037,446
Total Assets	44,619,860	45,589,622	(969,762)	-2%	43,641,194
Deferred Outflows of Resources	2,226,591	1,210,080	1,016,511	84%	803,133
Current and Other Liabilities	1,496,903	2,665,025	(1,168,122)	-44%	2,064,658
Long-Term Liabilities	20,040,903	24,277,414	(4,236,511)	-17%	20,069,136
Total Liabilities	21,537,806	26,942,439	(5,404,633)	-20%	22,133,794
Deferred Inflows of Resources	965,839	959,375	6,464	1%	1,229,359
Net Investment in Capital Assets	20,284,718	20,657,271	(372,553)	-2%	18,037,446
Unrestricted Net Position	4,058,088	905,642	3,152,446	348%	3,043,728
Total Net Position	$ 24,342,806	$ 21,562,913	$ 2,779,893	13%	$ 21,081,174

The District's net position at fiscal year end June 30, 2019 increased $2,779,893 (13%) when compared to fiscal year end June 30, 2018. Factors contributing to this increase are mainly due to water main replacement capital projects totaling an increase of $4,584,478 (238%); AMI meter change-out capital project totaling an increase of $1,044,177 (42%); and new service and upgraded meter installation projects totaling an increase of $293,024 (49%).

Changes in Net Position

Changes in the District's net position between fiscal year end June 30, 2019, and fiscal year end June 30, 2018, can be determined by reviewing the following condensed Statement of Revenue, Expenses, and Changes in Net Position.

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	June 30, 2019	June 30, 2018	Amount Increase (Decrease)	Percent Increase (Decrease)	June 30, 2017
Operating Revenue	$ 13,442,130	$ 12,853,697	$ 588,433	5%	$ 11,453,911
Non-Operating Revenue	1,271,275	1,336,084	(64,809)	-5%	759,041
Total Revenues	14,713,405	14,189,781	523,624	4%	12,212,952
Operating Expenses	11,242,644	10,872,601	370,043	3%	10,584,529
Non-Operating Expenses	690,868	704,552	(13,684)	0%	695,952
Total Expenses	11,933,512	11,577,153	356,359	3%	11,280,481
Change in Net Position	2,779,893	2,612,628	167,265	6%	932,471
Net Position, Beginning	21,562,913	18,950,285 *	2,612,628	14%	20,148,703
Net Position, Ending	$ 24,342,806	$ 21,562,913	$ 2,779,893	13%	$ 21,081,174

* The net position beginning July 1, 2017 was restated as a result of the implementation of GASB Statement No. 75. See note 11 to the financial statements.

The District's Operating Revenues increased by $588,433 (5%) due to various factors: The addition of Credit Card/Late/48-Hour Notice/Shut off/After Hours fees were added to MPWD's fee schedule effective 1/1/19 totaling an increase of $77,715 (100%); Fixed System Charges increased by $218,284 (8%); Water System Capacity Charges increased by $362,559 (128%) due to FY 2018/2019 water rate increases effective 07/01/19; and Water Demand Offset Charges increased by $10,550 (31%) due to increased development in Belmont.

The District's Non-Operating Revenues decreased by -$64,809 (-5%) due to various factors: Contributed Capital decreased by -$267,907 (-47%); LAIF and COP Funds Interest Revenue increased by $167,530 (62%).

Operating Expenses increased by $370,043 (3%) due to various factors: Salaries and Benefits increased by $263,914 (11%) due to salary equity adjustments and merit increases; Utilities increased by $52,709 (21%); Professional Services increased by $105,950 (25%); Administration & Other increased by $150,031 (27%); Depreciation increased by $63,351 (7%); and Maintenance & Rehabilitation decreased by -$272,129 (-40%).

2016 COP CIP DEBT ISSUANCE

In December 2016, the District issued COP's in the amount of $18,570,000 to finance certain improvements to the District's municipal water system. Principal is due annually in December and interest is payable on June 1 and December 1. The certificates have an interest rate of 4% and mature on December 1, 2046 (reference Trust Agreement dated December 1, 2016). The Certificates of Participation were issued at a premium of $938,447, which is being amortized over the life of the debt and is recorded as deferred inflows on the statement of net position.

The annual payments required to amortize the Certificates of Participation outstanding as of June 30, 2019, are as follows, which includes a reference to interest payments made based on the Official Statement Schedule (OSS):

Year Ended June 30:	Principal	Interest	Total
2020	$ 360,000	$ 709,200	$ 1,069,200
2021	375,000	694,500	1,069,500
2022	385,000	679,300	1,064,300
2023	405,000	663,500	1,068,500
2024	420,000	647,000	1,067,000
2025-2029	2,360,000	2,964,400	5,324,400
2030-2034	2,870,000	2,443,000	5,313,000
2035-2039	3,495,000	1,808,500	5,303,500
2040-2044	4,255,000	1,036,100	5,291,100
2045-2047	2,985,000	182,300	3,167,300
Total	$ 17,910,000	$ 11,827,800	$ 29,737,800

BUDGETARY HIGHLIGHTS

In its commitment to fiscal responsibility, the District timely adopted an annual budget for Fiscal Year 2018/2019 that projected revenues and expenditures for operations and capital improvements.

CAPITAL ASSETS

During the fiscal year ended June 30, 2019, the District had $24,395,038 (net of accumulated depreciation) invested in capital assets. The following table is presented below to illustrate changes from the prior year:

	June 30, 2019	June 30, 2018	Amount Increase (Decrease)	Percent Increase (Decrease)	June 30, 2017
Land	$ 1,045,264	$ 1,045,264	$ -	0%	$ 1,045,264
Construction in Progress	2,347,432	3,865,728	(1,518,296)	-39%	1,476,675
Utility Plant in Service	47,145,817	41,163,223	5,982,594	15%	40,244,250
Vehicles	1,711,727	1,505,117	206,610	14%	1,685,412
Computer System	426,531	421,288	5,243	1%	253,886
Capital Asset at Cost	52,676,771	48,000,620	4,676,151	10%	44,705,487
Less Accumulated Depreciation	(28,281,733)	(27,343,349)	938,384	3%	(26,668,041)
Capital Assets, Net	$ 24,395,038	$ 20,657,271	$ 3,737,767	18%	$ 18,037,446

RATES AND OTHER ECONOMIC FACTORS

The District is governed in part by provisions of the State Water Resources Control Board that require rate-based revenues must cover the costs of Operations, Maintenance and Repairs (OM&R) and capital improvement projects. The District is not subject to general economic conditions such as increases or reductions in property tax values or other types of revenues, such as sales taxes, that vary with economic conditions. Accordingly, the District sets its rates to its users to cover the costs of OM&R, capital improvement projects, plus any increments for known or anticipated changes in program costs.

REQUESTS FOR FINANCIAL INFORMATION

This financial report is designed to provide our customers and creditors with a general overview of District finances, and demonstrate District fiscal accountability for the money it receives. If you have any questions about this report, or need additional financial information, please contact:

Tammy Rudock, General Manager
Mid-Peninsula Water District
3 Dairy Lane
Belmont, CA 94002
(650) 591-8941

BASIC FINANCIAL STATEMENTS

MID-PENINSULA WATER DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents (Note 2)	$ 4,357,722	$ 6,917,634
Accounts receivables	1,206,156	1,256,812
Prepaid expenses and other assets	201,264	216,938
Total Current Assets	5,765,142	8,391,384
Restricted cash with fiscal agent (Note 2)	14,459,680	16,540,967
Capital assets, net (Note 3)	24,395,038	20,657,271
TOTAL ASSETS	44,619,860	45,589,622
Deferred Outflows of Resources:		
OPEB related (Note 7)	12,382	391,509
Pension related (Note 5)	2,214,209	818,571
Total Deferred Outflows	2,226,591	1,210,080
LIABILITIES		
Current Liabilities		
Accounts payable	422,846	904,420
Accrued expenses	714,057	1,415,605
Current portion of long-term debt (Note 4)	360,000	345,000
Total Current Liabilities	1,496,903	2,665,025
Long-Term Liabilities		
Certificates of Participation (Note 4)	17,550,000	17,910,000
Net pension liability (Note 5)	1,503,970	1,588,940
Net OPEB liability (Note 7)	668,889	1,825,778
Compensated absences	318,044	287,671
TOTAL LIABILITIES	21,537,806	24,277,414
Deferred Inflows of Resources:		
Pension related (Note 5)	70,382	70,457
OPEB related (Note 7)	37,820	-
Original issue premium	857,637	888,918
Total Deferred Inflows	965,839	959,375
NET POSITION		
Net investment in capital assets	20,284,718	18,037,446
Unrestricted	4,058,088	3,525,467
TOTAL NET POSITION	$ 24,342,806	$ 21,562,913

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

MID-PENINSULA WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
OPERATING REVENUES		
Water service charges	$ 13,170,928	$ 12,630,636
Other revenue	271,202	223,061
Total Operating Revenues	13,442,130	12,853,697
OPERATING EXPENSES		
Salaries and benefits	2,722,423	2,371,885
Maintenance and rehabilitation	412,829	684,956
Purchased water	5,581,289	5,579,589
Utilities	304,832	252,124
Professional services	522,511	416,562
Administrative and other	760,376	692,452
Depreciation	938,384	875,033
Total Operating Expenses	11,242,644	10,872,601
OPERATING INCOME (LOSS)	2,199,486	1,981,096
NON-OPERATING REVENUES (EXPENSES)		
Rent	152,926	151,714
Property taxes	380,509	327,313
Amortization of COP premium	31,282	31,282
Debt service interest	(722,150)	(735,834)
Interest income	438,076	289,386
Capital contributions	299,764	567,671
Total Non-Operating Revenues (Expenses)	580,407	631,532
CHANGE IN NET POSITION	2,779,893	2,612,628
NET POSITION, BEGINNING OF YEAR		
As originally reported	21,562,913	21,081,174
Prior period restatement	-	(2,130,889)
NET POSITION, BEGINNING OF YEAR, restated	21,562,913	18,950,285
NET POSITION, END OF YEAR	$ 24,342,806	$ 21,562,913

MID-PENINSULA WATER DISTRICT

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash Flows From Operating Activities		
Reciepts from customers and users	$ 13,221,584	$ 12,596,040
Other operating revenue	271,202	223,061
Payments to suppliers	(8,749,285)	(7,040,972)
Payments related to employees	(4,912,674)	(3,260,170)
Net Cash Flows Provided (Used) by Operating Activities	(169,173)	2,517,959
Cash Flows From Non-Capital Financing Activities		
Rent received	152,926	151,714
Property taxes received	380,509	327,313
Net Cash Flows Provided (Used) by Non-Capital Financing Activities	533,435	479,027
Cash Flows From Capital and Related Financing Activities		
Acquisition of capital assets	(4,676,151)	(3,494,858)
Cash received for completed projects	299,764	567,671
Restricted cash deposited with fiscal agent	2,081,287	2,415,453
Principal paid on COP bonds	(345,000)	(315,000)
Interest paid on COP bonds	(722,150)	(735,834)
Net Cash Flows Provided (Used) by Capital & Related Activities	(3,362,250)	(1,562,568)
Cash Flows From Investing Activities		
Interest income	438,076	289,386
Net Cash Flows Provided (Used) by Investing Activities	438,076	289,386
Net Increase (Decrease) in Cash	(2,559,912)	1,723,804
Beginning Cash and Equivalents	6,917,634	5,193,830
Ending Cash, Cash Equivalents and Restricted Cash	$ 4,357,722	$ 6,917,634

MID-PENINSULA WATER DISTRICT

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEARS ENDED
JUNE 30, 2019 AND 2018

	2019	2018
Reconciliation of Operating Income (loss) to Net Cash Provided (used) by Operating Activities		
Cash Flows from Operating Activities:		
Operating Income (Loss)	$ 2,199,486	$ 1,981,096
Adjustments to Reconcile Operating Income (loss) to Net Cash Provided (used) by Operations:		
Depreciation	938,384	875,033
(Increase) Decrease in:		
Accounts receivable	50,656	(34,596)
Prepaid expenses and other assets	15,674	14,344
Deferred outflows	(1,016,511)	(406,947)
Increase (Decrease) in:		
Accounts payable	(481,574)	667,484
Accrued benefits	30,373	(69,990)
Net OPEB liability	(1,156,889)	(373,609)
Customer deposits	(701,548)	(97,117)
Net pension liability	(84,970)	200,963
Deferred inflows	37,746	(238,702)
Net Cash Provided (used) by Operating Activities	$ (169,173)	$ 2,517,959

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

Mid-Peninsula Water District (the District) is a separate political subdivision of the State of California. The District was established on July 2, 1929 as the Belmont County Water District and changed its name effective July 1, 2000. The District maintains and operates a system of storage tanks and water mains. It purchases water from the San Francisco Public Utilities Commission for distribution to its customers through this system.

The District's Board of Directors formed a non-profit public benefit corporation known as the Public Property Financing Corporation of California (Financing Authority). The District and the Financing Authority have a financial and operational relationship which meets the reporting entity definition criteria of Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the Financing Authority as a blended component unit of the District. Therefore, the financial activities of Financing Authority have been included in the financial statements of the District.

The following are those aspects of the relationship between the District and Financing Authority which satisfy Codification of Governmental Accounting and Financial Reporting Standards, Section 2100:

<u>Manifestations of Oversight</u>

The Financing Authority's Board of Directors is the District's Board of Directors.

The Financing Authority has no employees. The District's general manager functions as an agent of the Financing Authority. The individuals did not receive additional compensation for work performed in this capacity.

The District exercises significant influence over operations of the Financing Authority as it is anticipated that the District will be the sole lessee of all facilities owned by the Financing Authority.

<u>Accounting for Fiscal Matters</u>

All major financing arrangements, contracts, and other transactions of the Financing Authority must have the consent of the District.

Any deficits incurred by the Financing Authority will be reflected in the lease payments of the District. Any surpluses of the Financing Authority revert to the District at the end of the lease period.

It is anticipated that the District's lease payments will be the sole revenue source of the Financing Authority.

A. REPORTING ENTITY (CONTINUED)

Scope of Public Service and Financial Presentation

The Financing Authority was created for the sole purpose of financially assisting the District.

The Financing Authority is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State. The Financing Authority was formed to provide financing assistance to the District for construction and improvement to the District's municipal water system. Upon completion, the District intends to purchase all improvements from the Financing Authority. When the Financing Authority's Certificates of Participation have been paid, title to all Financing Authority property will pass to the District for no additional consideration.

The Financing Authority's financial activity is presented in the financial statements of the District. Certificates of Participation issued by the Financing Authority are included in the long-term liabilities.

B. BASIS OF ACCOUNTING

The District is accounted for as an enterprise fund and its financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows.

Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District include water service charges. Operating expenses of the District include employee costs, water purchases, maintenance, utilities, and other administrative costs. All revenues and expenses not meeting this definition are reported as non-operating revenue and expense.

C. CASH AND CASH EQUIVALENTS

The District considers cash on hand, cash in banks and the Local Agency Investment Fund to be cash and cash equivalents.

D. ACCOUNTS RECEIVABLE

The District extends credit to customers in the normal course of operations. The District has not experienced any significant bad debt losses, and elects to write off the bad debt as it is identified.

E. RESTRICTED CASH

In December 2016, the Mid-Peninsula Water District issued certificates of participation in the amount of $18,570,000. All proceeds are held by a fiscal agent and cash is restricted for certain improvements to the District's municipal water system.

F. UNEARNED REVENUE

Contractors developing projects, which include construction of facilities to bring water from District mains into the project, deposit a construction advance with the District for an amount estimated to cover the District's costs related to the project. The District accounts for expenditures as construction in progress until the completion of the project, the final inspection and approval of the District, and then it is capitalized as part of capital assets. Revenues are recognized as the project progresses. At the completion of the project, any excess funds are returned to the contractor.

G. COMPENSATED ABSENCES

The District has a paid time off (PTO) policy in effect. It is the District's policy to permit employees to accumulate earned by unused vacation, sick leave and compensated time off. The District pays all earned PTO upon termination. All accumulated PTO is recorded as an expense and a liability at the time the benefit is earned.

H. CAPITAL ASSETS

Capital assets are recorded at cost, or if contributed, at estimated value at time of acquisition. Depreciation is recognized on buildings, furniture, fixtures, equipment and subsurface lines by the straight-line method over their estimated useful lives. Estimated useful lives are as follows:

Utility plant	10 - 50 years
Vehicles	5 years
Machinery and equipment	7 years
Computer system	5 years

District policy is to capitalize all assets, which cost $5,000 or more, and to charge to current operations all additions under that cost limit. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are also expensed in the current period.

I. REVENUES

Customer water meters are read on a monthly basis. Bills are rendered and income is recognized in the period in which meters are read. The District does not accrue income for water distributed but not yet billed at the end of the year. California state law requires water districts to report capacity charges collected and spent separately from operating revenue and expense and any fees unspent at year-end are shown in a separate equity fund.

J. PROPERTY TAXES

The District's property taxes are levied each calendar year on all taxable real property located in the District. Property taxes are recorded on an accrual basis of accounting. The County Assessor is responsible for assessment of all taxable real property within San Mateo County. Reassessment is on a three-year schedule established by the Assessor. The County Clerk computes the annual tax for each parcel of real property and prepares tax books used by the County Collector as the basis for issuing tax bills to all taxpayers in the County. Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to each unit its respective share of the collections. Taxes levied in one year become due and payable in two installments during the following year generally on March 1st and August 30th. The first installment is an estimated bill, and is approximately one-half of the prior year's tax bill. The second installment is based on the current levy, assessment, equalization, and certificate to limit levy, if any and any changes from the prior year will be reflected in the second installment bill. Taxes must be levied by the last Tuesday in December for the following collection year. The levy becomes an enforceable lien against the property as of January 1st of the levy year.

K. INCOME TAXES

The District is a governmental entity and as such its income is exempt from taxation under Section 115(1) of the Internal Revenue Code and Section 23701d of the California and Taxation Code. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements.

L. PENSIONS

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

M. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the District's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan and additions to/deductions from the District Plan's fiduciary net position have been determined on the same basis as they are reported by the District's OPEB plan. For this purpose, the District's 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.

N. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

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

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

O. 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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. CASH AND INVESTMENTS

Cash and cash equivalents as of June 30, 2019 and 2018 consisted of the following:

	2019	2018
Petty cash	$ 400	$ 400
Cash drawer	200	200
Sweep account	290,389	1,717
Cash in bank	144,837	368,245
Local Agency Investment Fund	3,921,896	6,547,072
Total Cash and Cash Equivalents	$ 4,357,722	$ 6,917,634

The carrying amount of the District's cash is covered by federal depository insurance up to $250,000. Should deposits exceed the insured limits, the balance is covered by collateral held by the bank in accordance with California law requiring the depository bank to hold collateral equal to 110% of the excess government funds on deposit.

2. CASH AND INVESTMENTS (Continued)

Local Agency Investment Fund

The District is a voluntary participant in Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the State and invests the cash. The fair value of the District's investment in this pool, which approximates cost, is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account with twenty-four hour notice. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset backed securities, and floating rate securities issued by Federal Agencies, government-sponsored enterprises and corporations. The monies held in the LAIF are not subject to categorization by risk category. It is also not rated as to credit risk by a nationally recognized statistical rating organization. LAIF is administered by the State Treasurer and audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall, Sacramento, California 95814.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The monies held in the LAIF investment pool are not subject to categorization by risk category. It is also not rated as to credit risk by a nationally recognized statistical rating organization.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Restricted Cash With Fiscal Agent

At June 30, 2019 and 2018, funds totaling $14,459,680 and $16,540,967, respectively, were held by The Bank of New York Mellon Trust Company, N.A. in various accounts related to the Certificates of Participation issued in December 2016 for the purpose of funding certain improvements to the District's municipal water system.

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 is as follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets not subject to depreciation				
Land	$ 1,045,264	$ -	$ -	$ 1,045,264
Construction in progress	3,865,728	4,298,334	5,816,630	2,347,432
Total capital assets not subject to depreciation	4,910,992	4,298,334	5,816,630	3,392,696
Capital assets being depreciated				
Utility plant in service	41,163,223	5,982,594	-	47,145,817
Vehicles	1,505,117	206,610	-	1,711,727
Computer and telephone systems	421,288	5,243	-	426,531
Total capital assets being depreciated	43,089,628	6,194,447	-	49,284,075
Less accumulated depreciation for:				
Utility plant in service	(25,660,180)	(816,439)	-	(26,476,619)
Vehicles	(1,425,272)	(60,115)	-	(1,485,387)
Computer and telephone systems	(257,897)	(61,830)	-	(319,727)
Total accumulated depreciation	(27,343,349)	(938,384)	-	(28,281,733)
Total capital assets, net of depreciation	$ 20,657,271	$ 9,554,397	$ 5,816,630	$ 24,395,038

Depreciation for the year's ended June 30, 2019 and 2018 was $938,384 and $875,033, respectively.

4. LONG-TERM LIABILITIES

Summary of Long-Term Liabilities

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due Within One Year
Net OPEB Liability	$ 1,825,778	$ -	$ 1,156,889	$ 668,889	$ -
Net Pension Liability	1,588,940	-	84,970	1,503,970	-
Compensated Absences	287,671	30,373	-	318,044	-
Certificates of Participation	18,255,000	-	345,000	17,910,000	360,000
	$ 21,957,389	$ 30,373	$ 1,586,859	$ 20,400,903	$ 360,000

Certificates of Participation

In December 2016, the Mid-Peninsula Water District issued certificates of participation in the amount of $18,570,000 to finance certain improvements to the District's municipal water system. Principal is due annually in December and interest is payable on June 1 and December 1. The certificates have an interest rate of 4% and mature on December 1, 2046. The Certificates of Participation were issued at a premium of $938,447, which is being amortized over the life of the debt and is recorded as deferred inflows on the statement of net position.

4. LONG-TERM LIABILITIES (CONTINUED)

The annual payments required to amortize the Certificates of Participation outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	$ 360,000	$ 709,200	$ 1,069,200
2021	375,000	694,500	1,069,500
2022	385,000	679,300	1,064,300
2023	405,000	663,500	1,068,500
2024	420,000	647,000	1,067,000
2025-2029	2,360,000	2,964,400	5,324,400
2030-2034	2,870,000	2,443,000	5,313,000
2035-2039	3,495,000	1,808,500	5,303,500
2040-2044	4,255,000	1,036,100	5,291,100
2044-2047	2,985,000	182,300	3,167,300
	$ 17,910,000	$ 11,827,800	$ 29,737,800

5. EMPLOYEE RETIREMENT PLAN

A. Plan Description

All qualified regular employees are eligible to participate in the Mid-Peninsula Water District's cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan is established by State statute and Mid-Peninsula Water 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.

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 10 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 the plan are applied as specified by the Public Employees' Retirement Law.

A. **Plan Description (Continued)**

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

Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	7.000%	6.000%
Required employer contribution rates	8.892%	6.842%

Section 20814(c) of the California Public Employees' Retirement Law 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. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Mid-Peninsula Water District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the years ended June 30, 2019 and 2018, the contributions recognized as part of pension expense for the Plan were $1,866,231 and $248,731, respectively.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2019 and 2018, the Mid-Peninsula Water District reported net pension liabilities for its proportionate share of the net pension liability of $1,503,970 and $1,588,940, respectively.

Mid-Peninsula Water 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, 2017 rolled forward to June 30, 2018 using standard update procedures. Mid-Peninsula Water District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2018 was as follows:

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Proportion - June 30, 2018	0.03991%
Proportion - June 30, 2017	0.04031%
Change - Increase (Decrease)	-0.00040%

For the year ended June 30, 2019 and 2018, the District recognized pension expense of $385,549 and $182,580, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

June 30, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,866,231	
Difference between projected and actual experience	57,705	$ (19,636)
Changes in assumptions	171,457	(42,021)
Difference between employer's contributions and proportionate share of contributions.	56,625	
Change in employer's proportion	54,756	(8,725)
Net differences between projected and actual earnings on plan investments	7,435	
Total	$ 2,214,209	$ (70,382)

$1,866,231 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30	
2020	$ 200,735
2021	128,241
2022	(37,853)
2023	(13,527)
2024	-
Thereafter	-

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

June 30, 2018

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 248,731	
Difference between projected and actual experience	2,178	$ (31,200)
Difference in actual vs. projected contributions	66,930	
Change in proportion	169,414	(18,653)
Changes in assumptions	270,208	(20,604)
Net differences between projected and actual earnings on plan investments	61,110	
Total	$ 818,571	$ (70,457)

$248,731 reported as deferred outflows of resources related to contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the current year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30	
2019	$ 205,086
2020	201,945
2021	128,635
2022	(36,282)
2023	-
Thereafter	-

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by Entry Age and Service
Mortality	Derived using CalERS' 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

The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvement using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 CalPERS Experience Study and Review of Actuarial Assumptions report based on CalPERS demographic data from 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.15% and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for public agency plans (including PERF C), the amortization and smoothing periods adopted by the Board in 2013 were used. For the Plan, the crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for PERF C. The crossover test results can be found on CalPERS website under the GASB 68 section.

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

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

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 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 equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

Asset Class	Current Strategic Allocation (a)	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.48%	4.93%
Liquidity	1.0%	0.00%	-0.92%

(a) 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.
(b) An expected inflation of 2.00% used for this period
(c) An expected inflation of 2.92% used for this period

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability	$ 2,467,507	$ 1,503,970	$ 708,587

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

C. Payable to the Pension Plan

The District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

6. DEFERRED COMPENSATION PLAN

The District has established a deferred compensation plan in accordance with Internal Revenue Code Section 457, whereby employees may elect to defer portions of their compensation in a self-directed investment plan for retirement. Plan assets are invested in each individual's name with a deferred compensation plan provider. Distributions are made upon the participant's termination, retirement, death or total disability, and in a manner in accordance with the election made by the participant. All employees are eligible for plan participation. The District offers two plans, one with Lincoln Life and the other with ICMA-RC.

The District believes it has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The District has formally established a trust in accordance with Internal Revenue Code Section 457(g) to provide protection from the claims of the employer's general creditors. Accordingly deferred compensation assets placed in the trust are not reflected in these financial statements.

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Plan Description

The District provides a single-employer defined benefit postemployment health care plan (the Plan) for all employees who terminate or retire from the District after achieving age 50 with at least 20 years of service. For employees hired before June 28, 2008, District-paid benefits are available to eligible beneficiaries. The General Manager position qualifies for postemployment healthcare benefits after 7 ½ years of service with the District per the employment agreement.

B. Funding Policy

The District has an agreement with the Public Agency Retirement Services (PARS) to be the Trust Administrator to the PARS Public Agencies OPEB Trust Plan. The amount to be contributed to the trust is determined annually by the board of directors.

C. Benefits Provided

Depending on the employee's placement within the tiered system, the District's plan provides healthcare benefits for retirees and their dependents, or retirees only. Benefits are provided through a third-party insurer and the full cost of the benefits is covered by the plan.

D. Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	4
Inactive employees entitles to but not yet receiving benefit payments	-
Active employees	18
	22

E. Net OPEB Liability

The 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 that date.

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

Salary Increases	3.00%
Investment rate of return	5.5%, net of OPEB plan investment expense
Healthcare cost trend rate	Healthcare costs were assumed to increase according to the following schedule:

FYB	Medical/Rx	Dental/Vision
2017	6.0%	4.0%
2018+	5.0%	4.0%

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the July 1, 2017 valuation were based on a review of plan experience during the period July 1, 2015 to June 30, 2017.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or more than the target rate of return of 5.5 percent.

F. Discount Rate

The discount rate used to measure the total OPEB liability was 5.5 percent. GASB 75 requires a discount rate that reflects the following:

a. The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
b. A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return	Municipal Bond 20-Year High Grade Rate Index	Discount Rate
July 1, 2017	July 1, 2017	5.50%	3.13%	5.50%
June 30, 2018	June 30, 2018	5.50%	3.62%	5.50%

G. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability (a) - (b)**
Balances at June 30, 2018	$ 3,175,377	$ 1,349,599	$ 1,825,778
Changes for the year:			
Service cost	103,576	-	103,576
Interest	170,863	-	170,863
Differences between expected and actual experience	-	-	-
Contributions - employer	-	1,264,440	(1,264,440)
Net investment income	-	171,926	(171,926)
Benefit payments	(139,440)	(139,440)	-
Administrative expense	-	(5,038)	5,038
Net changes	134,999	1,291,888	(1,156,889)
Balances at June 30, 2019	$ 3,310,376	$ 2,641,487	$ 668,889

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.5 percent) or 1-percentage-point higher (6.5 percent) than the current discount rate:

	1% Decrease (4.5%)	Discount Rate (5.5%)	1% Increase (6.5%)
Net OPEB liability (asset)	$ 1,251,806	$ 668,889	$ 1,380,081

I. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5 percent decreasing to 4 percent) or 1-percentage-point higher (7 percent decreasing to 6 percent) than the current healthcare cost trend rates:

	1% Decrease (5% decreasing to 4%)	Healthcare Cost Trend Rates (6% decreasing to 5%)	1% Increase (7% decreasing to 6%)
Net OPEB liability (asset)	$ 109,843	$ 668,889	$ 1,385,331

J. OPEB plan fiduciary net position

Detailed information about the OPEB plan's fiduciary net position is available in the separate PARS financial report issued and presented annually to the board of directors.

K. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of ($335,926). At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Net difference between projected and actual return on OPEB plan investments	12,382	(37,820)
Total	$ 12,382	$ (37,820)

K. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30	Total Deferred Outflows/(Inflows) of Resources
2020	$ (5,328)
2021	(5,328)
2022	(5,327)
2023	(9,455)
2024	-
Thereafter	-
Total	$ (25,438)

L. Payable to the OPEB Plan

At June 30, 2019, the District had no outstanding amount of contributions payable to the plan.

8. JOINTLY GOVERNED ORGANIZATIONS

The District is a member of two jointly governed organizations. The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA) which provides employee benefits coverage for medical, dental, vision, life and disability. The District is also a member of Bay Area Water Supply & Conservation Agency (BAWSCA) which purchases water on a wholesale basis from the San Francisco regional water system for its members.

ACWA JPIA and BAWSCA are governed by a Board consisting of representatives from member agencies. The Board controls the operations, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the Board. Each member agency pays a contribution or assessment commensurate with the level of coverage and services requested and shares surpluses and deficits proportionate to their participation in the joint powers authority. Full financial statements are available separately from ACWA JPIA and BAWSCA. Condensed information for ACWA JPIA and BAWSCA for the years ended September 30, 2018 and June 30, 2018, respectively, is as follows:

	ACWA JPIA September 30, 2018	BAWSCA June 30, 2018
Total Assets	$ 188,344,217	$ 339,537,472
Total Deferred Outflows	1,098,315	484,170
Total Liabilities	100,820,701	325,303,583
Total Deferred Inflows	2,156,227	20,313
Total Net Position	86,465,604	14,697,746
Total Revenues	176,339,229	31,257,075
Total Expenses	165,196,299	29,495,253
Change in Net Position	11,142,930	1,761,822

9. COMMITMENTS

Purchase commitment

The District entered into an agreement with the City and County of San Francisco to purchase water to be delivered to the District's customers. This is a 25 year agreement that was effective July 1, 2009 and ends on June 30, 2034. The cost of purchasing water through this agreement represented approximately 50% and 51% of the District's operating costs for the years ended June 30, 2019 and 2018, respectively.

10. LEASE REVENUES

The District contracted with five different companies to lease land for communication towers on District-owned properties. The agreements are for multiple years and require monthly payments based on the contracted amounts. Lease revenues for the years ended June 30, 2019 and 2018 totaled $152,926 and $151,714, respectively. A schedule of future lease revenues was not available as of the date of these financial statements.

11. PRIOR PERIOD RESTATEMENT

In fiscal year 2017-18, the District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This statement established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses related to the District's other postemployment benefit plan described in Note 7. This change in accounting principle required a prior period adjustment which decreased the beginning net position as of July 1, 2017, by $2,130,889.

12. SUBSEQUENT EVENTS

District management has evaluated its June 30, 2019 financial statements for subsequent events through DATE, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

MID-PENINSULA WATER DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

JUNE 30, 2019

	Fiscal Year [1]				
	June 30, 2014	**June 30, 2015**	**June 30, 2016**	**June 30, 2017**	**June 30, 2018**
Proportion of the net pension liability	0.04525%	0.04059%	0.03995%	0.04031%	0.03991%
Proportionate share of the net pension liability	$ 1,118,234	$ 1,113,540	$ 1,387,977	$ 1,588,940	$ 1,503,970
Covered-employee payroll (2)	$ 1,178,386	$ 1,457,920	$ 1,565,051	$ 1,628,722	$ 1,677,384
Proportionate share of the net pension liability as percentage of covered-employee payroll	94.90%	76.38%	88.69%	97.56%	89.66%
Plans fiduciary net position as a percentage of the total pension liability	77.06%	79.89%	75.41%	75.41%	77.69%
Proportionate share of aggregate employer contributions (3)	$ 101,596	$ 107,544	$ 133,318	$ 153,703	$ 170,970

(1) Historical information is required only for measurement periods for which GASB 68 is applicable.

(2) Covered-employee payroll represented above is based on pensionable earnings provided by the employer.

(3) The plan's proportionate share of aggregate contributions may not match the actual contribtions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

MID-PENINSULA WATER DISTRICT

SCHEDULE OF PENSION CONTRIBUTIONS

JUNE 30, 2019

	Fiscal Year (1)				
	2013-14	**2014-15**	**2015-16**	**2016-17**	**2017-18**
Actuarially Determined Contribution (2)	$ 186,823	$ 189,429	$ 213,992	$ 244,660	$ 266,231
Contributions in relation to the actuarially determined contributions (2)	(186,823)	(203,461)	(204,748)	(248,731)	(1,866,231)
Contribution deficiencey (excess)	$ -	$ (14,032)	$ 9,244	$ (4,071)	$ (1,600,000)
Covered-employee payroll (3,4)	$ 1,178,386	$ 1,457,920	$ 1,565,051	$ 1,628,722	$ 1,677,384
Contributions as a percentage of covered-employee payroll (3)	15.85%	12.99%	13.67%	15.02%	15.87%

(1) Historical information is required only for measurement periods for which GASB 68 is applicable.

(2) Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.

(3) Covered-employee payroll represented above is based on pensionable earnings provided by the employer.

(4) Payroll from prior year was assumed to increase by the 3.00 percent payroll growth assumption.

MID-PENINSULA WATER DISTRICT

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

JUNE 30, 2019

	2018	2019
Total OPEB liability		
Service cost	$ 100,557	$ 103,576
Interest	162,026	170,863
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit payments	(65,392)	(139,440)
Net change in total OPEB liability	197,191	134,999
Total OPEB liability - beginning	2,978,186	3,175,377
Total OPEB liability - ending (a)	$ 3,175,377	$ 3,310,376
Plan fiduciary net position		
Contributions - employer	$ 599,502	$ 1,264,440
Net investment income	39,388	171,926
Benefit payments	(65,392)	(139,440)
Administrative expense	(2,698)	(5,038)
Net change in plan fiduciary net position	570,800	1,291,888
Plan fiduciary net position - beginning	778,799	1,349,599
Plan fiduciary net position - ending (b)	$ 1,349,599	$ 2,641,487
District's net OPEB liability - ending (a) - (b)	$ 1,825,778	$ 668,889
Plan fiduciary net position as a percentage of the total OPEB liability	74%	395%
Covered-employee payroll	$ 1,695,877	$ 1,677,384
District's net OPEB liability as a percentage of covered-employee payroll	108%	40%

DRAFT

MID-PENINSULA WATER DISTRICT

SCHEDULE OF OPEB CONTRIBUTIONS

JUNE 30, 2019

	2018	2019
Actuarially determined contribution	$ 207,743	$ 192,554
Contributions in relation to the actuarially required contribution	$ 599,502	$ 1,264,440
Contribution deficiency (excess)	$ (391,759)	$ (1,071,886)
Covered-employee payroll	$ 1,695,877	$ 1,677,384
Contributions as a percentage of covered-employee payroll	12.25%	11.48%

1. PURPOSE OF SCHEDULES

A - Schedule of District'sProportionate Share of the Net Pension Liability

Changes of Assumptions

In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

Fiscal year 2015 was the first year of implementation, therefore only five years are shown.

B - Schedule of Pension Contributions

If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements, the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

C - Schedule of the Changes in the Net OPEB Liability and Related Ratios

Benefit changes. There were no benefit changes during the year.

Change of assumptions. There was a change in the actuarial cost method from projected unit credit to entry age, level percent of pay, as required by GASB 75.

Fiscal year 2018 was the first year of implementation, therefore only two years are shown.

D - Schedule of OPEB Contributions

Valuation date: July 1, 2017

Actuarially determined contribution rates are calculated as of June 30, 2018.

Fiscal year 2018 was the first year of implementation, therefore only two years are shown.

1. PURPOSE OF SCHEDULES (CONTINUED)

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent of pay
Amortization period	30 years
Asset valuation method	Fair value
Healthcare cost trend rates	6.0% for 2017 amd 5.0% thereafter
Salary increases	3.00 percent
Investment rate of return	5.5 percent, net of OPEB plan investment expense
Retirement age	Retirement ages are based on the following table:

Age	Percent Retiring
50	2.0%
51	3.0%
52	4.0%
53	5.0%
54	6.0%
55	8.0%
56	10.0%
57	12.0%
58	14.0%
59	16.0%
60	18.0%
61	20.0%
62	21.0%
63	22.0%
64	24.0%
65	100.0%

Mortality	Pre-retirement - RP-2014 Employee Mortality, without projection Post-retirement - RP-2014 Healthy Annuitant Mortality, without projection

OTHER INDEPENDENT AUDITOR'S REPORT

James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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

Independent Auditor's Report

Board of Directors
Mid-Peninsula Water District
Belmont, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Mid-Peninsula Water District (the "District"), as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated DATE.

Internal Control Over Financial Reporting

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

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

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

701 Howe Avenue, Suite E3 Sacramento, CA 95825 (916) 993-9494 fax (916) 993-9489
www.jpmcpa.com dbecker@jpmcpa.com

Compliance and Other Matters

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

Purpose of this Report

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

DRAFT

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
DATE

Findings and Recommendation	Current Status	Explanation If Not Implemented
2018-01 Audit Adjustments – Significant Deficiency	Implemented	
The principal and interest payments and accruals on the certificates of participation should be reconciled annually to the debt service schedule provided at the time of issuance. This would ensure that all payments and accruals are properly accounted for.		
Invoices received after year end should be reviewed for the date of services and be recorded in the appropriate fiscal year.		

James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

DATE

To the Board of Directors
Mid-Peninsula Water District
Belmont, California

We have audited the financial statements of Mid-Peninsula Water District as of and for the years ended June 30, 2019 and 2018 and have issued our report thereon dated DATE. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated December 7, 2016, our responsibility, as described by professional standards, is to form and express an opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Mid-Peninsula Water District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided management recommendations noted during our audit in a separate letter to you dated DATE.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

701 Howe Avenue Suite E3, Sacramento, California 95825 Phone: (916) 993-9494 Fax: (916) 993-9489
e-mail: **jmarta@jpmcpa.com** www.jpmcpa.com

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Mid-Peninsula Water District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the fiscal year ended June 30, 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are the net OPEB liability, the net pension liability and related deferred inflows and outflows.

Management's estimate of the net OPEB liability, the net pension liability and related deferred inflows and outflows are based on actuarial studies performed by independent third parties. We evaluated the key factors and assumptions used to develop the estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements are those related to the net pension liability.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. We did not identify any uncorrected misstatements as a result of our audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached (See attachment B) schedule of audit adjustments were identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Mid-Peninsula Water District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated DATE.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Mid-Peninsula Water District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Mid-Peninsula Water District's auditors.

New Accounting Standards

See Attachment A

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

DRAFT

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
DATE

Attachment A – New and Upcoming Changes in Accounting Standards

GASB Statement No. 84, Fiduciary Activities
Effective for the fiscal year ending June 30, 2020

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

GASB Statement No. 87, Leases
Effective for the fiscal year ending June 30, 2021

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Attachment B

Adjusting Journal Entries

Adjusting Journal Entries JE # 1			
To adjust equity for LAIF interest not booked correctly in prior year.			
4102	Interest Revenue - LAIF	3,430	
3900	Unappropriated Fund Balance		3,430
Total		**3,430**	**3,430**

Adjusting Journal Entries JE # 2			
To adjust Net OPEB liability per actuary.			
1891	Deferred Outflows - OPEB	12,382	
2072	Net Opeb Obligation	406,889	
2999	Deferred Inflows		37,820
6053	Opeb Expense		381,451
Total		**419,271**	**419,271**

Adjusting Journal Entries JE # 3			
To adjust NPL and related deferred inflows and outflows per updated calculation.			
1890	Deferred Outflows	1,004,130	
2071	Deferred Inflows	75	
6045	Calpers Retirement - Er 2%@55	510,825	
2996	Net Pension Liability		1,515,030
Total		**1,515,030**	**1,515,030**

Reclassifying Journal Entries

Reclassifying Journal Entries JE # 4			
To agree depreciation expense in the GL to the capital asset and depreciation schedule.			
9010	Depreciation And Amortization	1,198	
6902	Claims		1,198
Total		**1,198**	**1,198**

James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

MANAGEMENT LETTER

Mid-Peninsula Water District
Belmont, California

We have recently completed the audit of the financial statements of Mid-Peninsula Water District and have issued our report thereon dated DATE. In planning and performing our audit of your financial statements for the year ended June 30, 2019, we applied generally accepted auditing standards (GAAS) as we considered your internal control over financial reporting as a basis for designing our auditing procedures. We did this for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of your internal controls.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Although our audit was not designed to provide assurance on the internal control structure and its operation, we noted certain matters in Attachment A that we are submitting for your consideration for the improvement of the Mid-Peninsula Water District accounting and financial reporting functions. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. We will review the status of these comments during our next audit engagement. This letter does not affect our report dated DATE on the financial statements of the Mid-Peninsula Water District.

We believe that the implementation of these recommendations will provide Mid-Peninsula Water District with a stronger system of internal accounting control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you and assist in any way possible with their implementation.

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

DRAFT

James Marta & Company LLP
Certified Public Accountants
DATE

701 Howe Avenue Suite E3, Sacramento, California 95825 Phone: (916) 993-9494 Fax: (916) 993-9489
e-mail: jmarta@jpmcpa.com www.jpmcpa.com

Current Year Recommendations

No matters were identified.

Status of Prior Year Recommendations

2018-02 Vacation Approval

Observation:
There is currently no formal process for approving the vacation time taken by the general manager.

Recommendations:
The general manager's vacation should be approved by the board so it is documented that they are aware when she will be absent from work.

Corrective Action Plan:
The general manager will provide the appropriate documentation to the board.

Status:
Implemented

2013-01 Policies and Procedures

Observation:
The District does not currently have a policies and procedures manual. The only way to determine which policies are in place for the District, someone would have to go back through all the resolutions adopted by the Board of Directors since the formation of the District. The District does, however, have a personnel manual.

Recommendations:
The District should create and update a policies and procedures manual and specifically address the financial and administrative policies of the organization. It may be too time-consuming to go back through all the resolutions adopted by the Board and may be more efficient to adopted new policies that would replace any existing policies. The manual should be organized into sections so that policies pertaining to specific areas may be easily located. The following are critical policies that should be developed in the near term, while other policies may be added later:

1. Inventory control policies and procedures.
2. Accounts receivable recognition, bad debt allowance and write-off policies and procedures.
3. Bank reconciliation preparation and review policies and procedures.
4. Board member duties and responsibilities.
5. Budgeting.
6. Travel and reimbursement policies and procedures

The District does have the following policies, however we feel it would be prudent to review and update these policies to ensure they address all keys areas:

1. Purchasing policies to include required authorization, check signing, bid procedures and credit cards.
2. Conflict of interest policy to include current staffing and board members.
3. Investment policy, which should be reviewed and approved annually by the board.
4. Capitalization policies and procedures to include the methodology and lives for each category of capital assets.
5. Records security and retention that includes and references all records and documents of the District.

Corrective Action Plan:
Management agrees with the recommend policy development, including policy updates. A few of the policy recommendations will be included within the internal control policy manual presently under development with the MPWD's consultant, Experis, Inc. This recommendation should be completed by February 28, 2014.

Status:
Management has developed an internal control policies and procedures manual to address, however a board approved policies and procedures manual is still in process.

2013-10 Land Lease Revenues

Observation:
The District currently has nine land lease agreements with various companies. Some of the leases go back many years and the contract files do not all reflect the current terms of the agreement. In addition, there is no process for invoicing or proper tracking for the collection of these revenues.

Recommendations:
Management should provide a summary of capital asset activity to the Board either monthly or quarterly. The summary should include the beginning balance, additions, deletions and ending balance for each major category of assets similar to the capital asset schedule included in the footnotes of the annual audit report.

Corrective Action Plan:
Management should create a schedule of these leases showing the lessee, expiration date, monthly payment amount and a reference to the actual contract. The contract files should have the most recent signed contract and a schedule of contract terms at the front of the file. The leases should be invoiced monthly using the QuickBooks accounting software to ensure proper tracking and prompt collection of these revenues.

Status:
In process.

IGService
solutions that work

July 21, 2019

Tammy Rudock
General Manager
Mid-Peninsula Water District

Email: trudock@midpeninsulawater.org

Re: Certificate of Participation (COP) Spending Report as of June 30, 2019

Dear Ms. Rudock:

The following are highlights from tracking of quarterly and overall COP spending as of June 30, 2019.

Total COP funds spent are $5,278,879. This is 26.7% percent of the beginning funds amount plus accumulated dividends, which total $19,738,559. (Table 1 and Chart)

Quarterly COP spending was $432,175. Of this total, engineering payments were $189,398, and construction payments were $242,777. All construction payments were for the Hillcrest Pressure Regulating Station. Quarterly spending reconciles exactly to the project detail and to the Bank of New York monthly statements. (Tables 1, 2, and 3)

Quarterly Pay-Go spending was $16,236. The total amount of Pay-Go funds to date for the projects listed is $1,081,061. (Table 3 and Chart)

Cost Projections. There are no updates to Cost Projections for this reporting period. Note that seven projects have not yet had updated estimated engineering costs. These are indicated by "N.U." in Table 3.

Sincerely,

Dan Bergmann

Dan Bergmann
Principal

15 Shasta Lane, Walnut Creek, CA 94597 Office: 925-946-9090 Cell: 925-899-2578 Email: dan@igservice.com

Table 1
Bank of New York MPWD Account 361685

Quarter Ending	Dividends	Expenditures		Ending Project Fund Balance
		Monthly	Quarterly	
Beginning Balance				**$19,143,020.82**
Mar-17[1]	$42,875.50	0.00		$19,185,896.32
Mar-17	12,640.32	0.00		19,198,536.64
Jun-17	26,269.49	(268,386.44)	(268,386.44)	18,956,419.69
Jul-17	11,186.97	(37,411.30)		18,930,195.36
Aug-17	13,178.04	(76,232.49)		18,867,140.91
Sep-17	13,889.47	(30,529.45)	(144,173.24)	18,850,500.93
Oct-17	13,740.78	(31,325.20)		18,832,916.51
Nov-17	14,584.55	(269,821.99)		18,577,679.07
Dec-17	14,615.74	(370,309.75)	(671,456.94)	18,221,985.06
Jan-18	16,315.52	(315,748.56)		17,922,552.02
Feb-18	17,717.32	(221,300.77)		17,718,968.57
Mar-18	17,140.20	(280,719.75)	(817,769.08)	17,455,389.02
Apr-18	20,666.32	(437,470.39)		17,038,584.95
May-18	21,315.01	(418,903.86)		16,640,996.10
Jun-18	22,792.33	(122,821.81)	(979,196.06)	16,540,966.62
Jul-18	22,571.92	(346,653.05)		16,216,885.49
Aug-18	24,003.89	(56,018.89)		16,184,870.49
Sep-18	24,700.72	(181,427.83)	(584,099.77)	16,028,143.38
Oct-18	24,735.82	(640,048.84)		15,412,830.36
Nov-18	26,088.52	(77,634.29)		15,361,284.59
Dec-18	25,995.52	0.00	(717,683.13)	15,387,280.11
Jan-19	28,006.89	(90,278.13)		15,325,008.87
Feb-19	29,282.07	(283,598.44)		15,070,692.50
Mar-19	26,381.68	(290,062.32)	(663,938.89)	14,807,011.86
Apr-19	29,011.69	(76,189.41)		14,759,834.14
May-19	27,609.00	(267,710.56)		14,519,732.58
Jun-19	28,222.64	(88,275.53)	(432,175.50)	14,459,679.69
Totals	**$595,537.92**	**($5,278,879.05)**	**($5,278,879.05)**	$14,459,679.69
Beginning Funds plus Total Dividends	$19,738,558.74			
Percent Spent	26.7%			

Note 1. Transfer to Project Funds

Table 2

MPWD Projects: Through June 30, 2019		Requisitions							
Project	**#**	**40**	**41**	**42**	**43**		**Subtotals**	**Construction**	**Engineering**
Karen Road Improvements	**15-73**						-	-	-
Folger Drive Improvements	**15-65**						-	-	-
Mezes Avenue Improvements	**15-14**						-	-	-
South Road Abandonment	**15-44**						-	-	-
Arthur Avenue Improvements	**15-22**						-	-	-
Dekoven Tanks Replacement	15-89	24,817.90	2,835.63	5,528.25	2,362.50		35,544.28	-	35,544.28
Hillcrest Pressure Regulating Station	15-87		6,420.75	247,061.50	2,315.25		255,797.50	242,777.50	13,020.00
Old County Road Improvements	15-75				59,854.84		59,854.84	-	59,854.84
El Camino Real Improvements	15-76	20,081.00	635.25	2,440.75	712.50		23,869.50	-	23,869.50
Notre Dame Avenue Loop Closure	15-10		8,451.28	5,809.56	9,909.64		24,170.48	-	24,170.48
Notre Dame Abandonment / Fire Hydrant	15-49		2,879.01	1,979.08	3,375.81		8,233.90	-	8,233.90
Tahoe Drive Area Improvements	15-28		4,736.43	3,255.91	5,553.75		13,546.09	-	13,546.09
Cliffside Court Improvements	15-38		2,043.16	1,404.51	2,395.74		5,843.41	-	5,843.41
N. Rd Cross Country / Davey Glen Rd Impr.	15-43						-	-	-
Zone 5 Fire Hydrant Upgrades	15-06						-	-	-
Civic Lane Improvements	15-78						-	-	-
Dekoven Tank Utilization Project	15-09						-	-	-
Belmont Canyon Road Improvements	15-29						-	-	-
North Road Improvements	15-42						-	-	-
SR 101 Crossing at PAMF Hospital	15-72	2,249.50	1,039.50	231.00	1,795.50		5,315.50	-	5,315.50
Williams Ave, Ridge Rd, Hillman Ave Impr.	15-16						-	-	-
Monte Cresta Dr / Alhambra Drive Impr.	15-17	-	-	-	-	-	-	-	-
Francis, Academy, Davey (w/Belmont)		-	-					-	-
TOTALS							432,175.50	242,777.50	189,398.00
TOTALS		47,148.40	29,041.01	267,710.56	88,275.53	0.00	432,175.50	432,175.50	
TOTALS GROUPED TO RECONCILE WITH BNY		**76,189.41**		**267,710.56**	**88,275.53**		**432,175.50**	**432,175.50**	

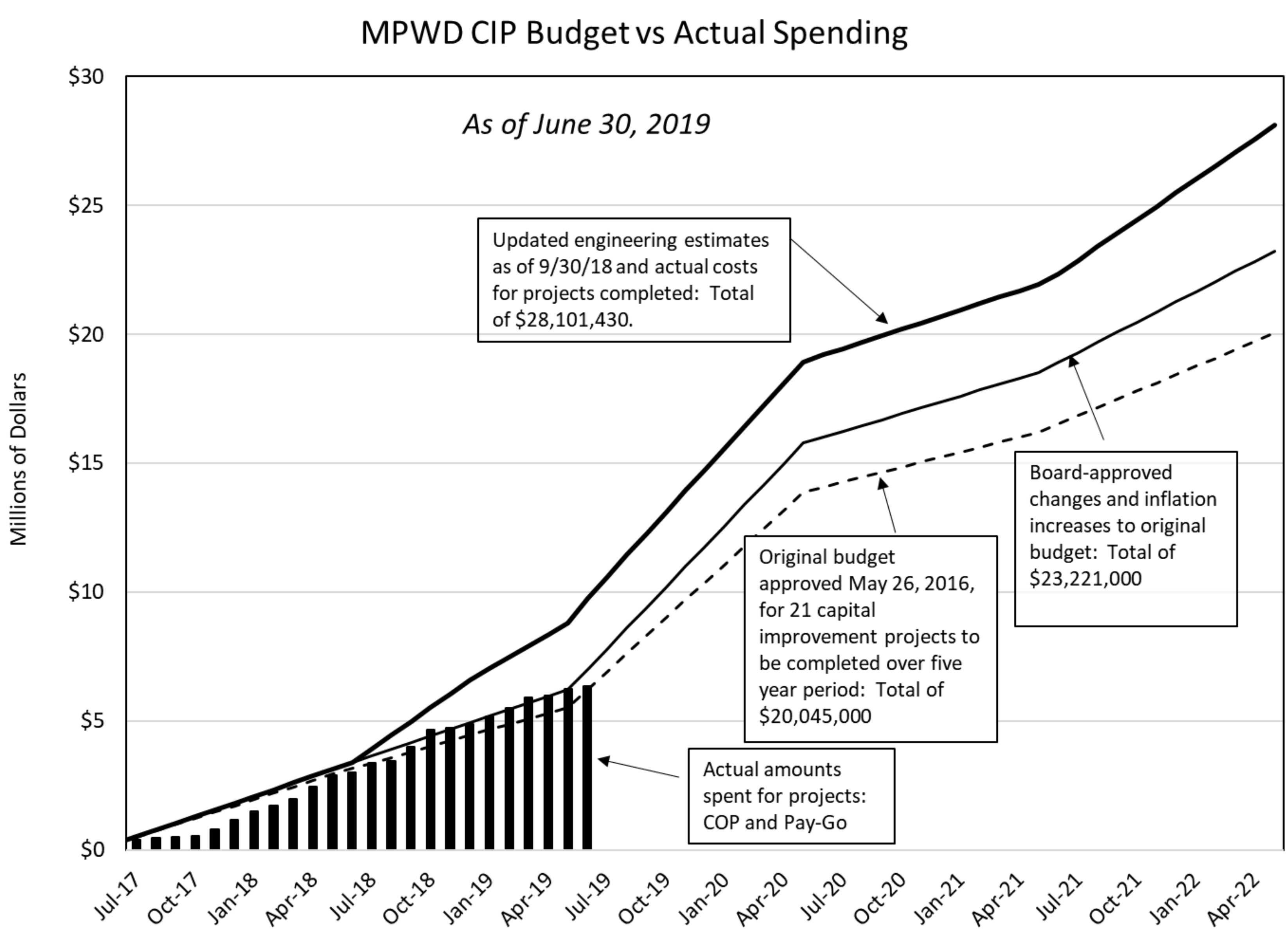
Table 3

MPWD Projects: Through June 30, 2019		Cost Projections				Spent			Completion
Project	#	Original[1]	Inflation[2]	Updated[3]	Status[4]	COP	Pay-Go	Total	
Karen Road Improvements	15-73	$425,000	$455,600	$666,295	Final	($606,746)	($59,549)	($666,295)	Sep-18
Folger Drive Improvements	15-65	420,000	449,376	585,586	Final	(525,953)	(59,633)	(585,586)	Sep-18
Mezes Avenue Improvements	15-14	175,000	187,240	258,524	Final	(242,756)	(15,768)	(258,524)	Sep-18
South Road Abandonment	15-44	415,000	443,968	403,838	Final	(401,160)	(2,678)	(403,838)	Sep-18
Arthur Avenue Improvements	15-22	475,000	509,680	700,936	Final	(687,580)	(13,356)	(700,936)	Sep-18
Francis, Academy, Davey (w/Belmont)	15-43	680,000	727,328	1,839,264	Final	(1,006,227)	(872,008)	(1,878,235)	Mar-19
Hillcrest Pressure Regulating Station	15-87	345,000	369,888	1,004,544	Bid	(443,001)	(5,549)	(448,550)	Jun-19
Notre Dame Abandonment / Hydrants	15-49	n/a	173,120	100,000	Eng	(50,213)	0	(50,213)	Dec-19
Notre Dame Avenue Loop Closure	15-10	910,000	1,009,891	1,600,000	Eng	(147,400)	0	(147,400)	Dec-19
Tahoe Drive Area Improvements	15-28	510,000	563,692	640,000	Eng	(82,609)	0	(82,609)	Dec-19
Cliffside Court Improvements	15-38	220,000	258,998	130,000	Eng	(35,635)	0	(35,635)	Dec-19
Zone 5 Fire Hydrant Upgrades	15-06	150,000	168,730	175,000	Eng				Dec-19
Civic Lane Improvements	15-78	800,000	887,405	887,405	N.U.				Jun-19
Dekoven Tank Utilization Project	15-09	1,035,000	1,185,325	1,185,325	N.U.	(9,926)	0	(9,926)	Jun-20
Dekoven Tanks Replacement	15-89	3,500,000	4,009,576	4,009,576	N.U.	(90,430)	(40,687)	(131,117)	Jun-20
Old County Road Improvements	15-75	3,400,000	3,892,590	4,300,000	Eng	(255,219)	(11,250)	(266,469)	Jun-20
Belmont Canyon Road Improvements	15-29	420,000	480,300	480,300	N.U.				Jun-20
North Road Improvements	15-42	220,000	258,998	258,998	N.U.				Jun-21
El Camino Real Improvements	15-76	2,100,000	2,489,975	2,735,000	Eng	(312,609)	(54)	(312,663)	Jun-21
SR 101 Crossing at PAMF Hospital	15-72	1,670,000	2,033,486	3,475,000	Eng	(381,416)	(529)	(381,945)	Jun-22
Williams Ave, Ridge Rd, Hillman Ave Impr.	15-16	1,100,000	1,352,053	1,352,053	N.U.				Jun-22
Monte Cresta Dr / Alhambra Drive Impr.	15-17	1,075,000	1,313,786	1,313,786	N.U.				Jun-22
TOTALS		**$20,045,000**	**$23,221,005**	**$28,101,430**		**($5,278,880)**	**($1,081,061)**	**($6,359,941)**	

COP Beginning Fund Total	**$19,143,021**
Dividend Totals	**$595,538**
COP Remaining Balance	**$14,459,679**

Notes:

1) Resolution No. 2016-06, May 26, 2016
2) Adjusted by four percent annual construction cost inflation factor at June 22, 2017 Board Meeting
3) Adjustment detail is shown within each project tab
4) "Eng" - Updated Engineer's Estimate; "Bid" - Contractor's Bid Price; "Final" - Final Project Cost, "N.U." - Not Updated


MPWD CIP Budget vs Actual Spending
As of June 30, 2019
Millions of Dollars
$30
$25
$20
$15
$10
$5
$0
Updated engineering estimates as of 9/30/18 and actual costs for projects completed: Total of $28,101,430.
Board-approved changes and inflation increases to original budget: Total of $23,221,000
Original budget approved May 26, 2016, for 21 capital improvement projects to be completed over five year period: Total of $20,045,000
Actual amounts spent for projects: COP and Pay-Go
Jul-17
Oct-17
Jan-18
Apr-18
Jul-18
Oct-18
Jan-19
Apr-19
Jul-19
Oct-19
Jan-20
Apr-20
Jul-20
Oct-20
Jan-21
Apr-21
Jul-21
Oct-21
Jan-22
Apr-22

To: Mid-Peninsula Water District Board of Directors

From: Jeffery J. Ira, District Treasurer

Date: April 26, 2016

Re: Periodic Board Examinations of Cash Disbursements

Objective:

The Board desires to directly perform examination procedures on the Districts cash disbursements. This memo outlines those procedures. Performing these procedures will provide the Board with a greater understanding and additional oversight of the cash disbursement process. No system of controls can ever guaranteed that a financial system is free from error.

Method:

The Board will rotate through three "types" of cash disbursement types and conclude that the sample selected was properly approved, authorized and paid. Each testing cycle will focus on one of the types. The types of disbursements are as follows:

1. Check Disbursements
2. Other Disbursements – Credit cards, Electronic Fund Transfers, Bank Wire Transfers
3. Payroll – calculations *(procedures and instructions pending)*

Procedures and Instructions:

Suggested procedures, instructions and documentation templates are available, however, the Board may expand testing as they deem appropriate.

Procedures and Instructions:

For Type "Check Disbursements"

Procedures:

1) Obtain the last three "Check Detail" reports as presented in the Monthly Board packages.
2) From these reports select a minimum of 10 check disbursements. Your selection can be systematic ("the 5th disbursement on every other page") or based on judgement (large dollar amounts or vendors you are not familiar with).
3) Request that Candy Pina provide a print out of the relevant bank statements and PDF images of the cancelled checks (as applicable).
4) Request the accounts payable backup for each of your sample selection.
5) Test your sample selection and document your results on the "Attributes Worksheet"

For Type "Other Disbursements"

Procedures:

1) Obtain the last three "Check Detail" reports as presented in the Monthly Board packages.
2) From these reports select a minimum of 5 Electronic Fund Transfers and Bank Wires. Your selection can be systematic ("the 5th disbursement on every other page") or based on judgement (large dollar amounts or vendors you are not familiar with).
3) Request that Candy Pina provide a print out of the relevant bank statements
4) Request the accounts payable backup for each of your sample selection.
5) Test your sample selection and document your results on the "Attributes Worksheet"
6) Obtain the credit card "file" of statements and support. Select one of the 3 most recent credit card statements.
7) Agree that each line item of charges has a corresponding, approved receipt and the charge appears reasonable.

Instructions and clarifications:

1) Support documentation will differ for the type of disbursement. Ideally support has an "outside party" source; however the District does have legitimate disbursements that are sourced internally. For example, refunds of customer deposits.
2) Approval to pay is not the stamp "Approved." This is completed by the check signer. Approval to pay is usually indicated by a 4X7 slip of paper attached to the support documentation. Another method will be a direct signature on the vendor invoice. This is the signature you are looking for when comparing to approval limits.
3) "Agreed" means that amounts are the same. "Reconciled" means that the amounts do not agree, but there is a reasonable explanation provided.

EXCEL WORKSHEET TO BE COMPLETED

Months Tested:
Performed by:
Date:

Sample Number	1	2	3	4	5	6	7	8	9	10
Check Disbursement Amount										
Check number										
Review the description of products or services provided. Does the account it was charged against on the "Check Listing" appear reasonable?										
Agree the amount of disbursement from the "Check Listing" to the check stub and the support documentation. Do all amounts agree or reconcile?										
Agree the Name from the "Check Listing" to the check stub and the support documentation. Does the name agree?										
Review the date of the support documentation to the date of cash disbursement and inquiry as to any unusual delays between the invoice date and the cash disbursement. Do the dates appear reasonable or where you able to satisfy yourself that any delays were reasonable?										

EXCEL WORKSHEET TO BE COMPLETED

Months Tested:
Performed by:
Date:

Sample Number	1	2	3	4	5	6	7	8	9	10
Check Disbursement Amount										
Check number										
Compare the signature approval on the support documentation to the approval limits schedule below and determine that the appoval limits were not exceeded. Were apprpoval limits not exceeded?										
If a check disbursement, compare the PDF of the cancelled check to the check stub (check number, payee amount and date). Agree the endorcement on the back of the cancelled check PDF to the payee. Does the check disbursement agree to the cancelled Check PDF?										

If any of the answers were "No," Describe the resolution of the matter below.

EXCEL WORKSHEET TO BE COMPLETED

Months Tested:
Performed by:
Date:

Sample Number	1	2	3	4	5	6	7	8	9	10
Check Disbursement Amount										
Check number										

	Approval Limit
Tammy Rudock	$ 25,000
Rene Ramirez	$ 20,000
Candy Pina	$ 20,000
Henry Young	$ 10,000
Mike Anderson	$ 10,000
Brent Chester	$ 10,000
Rick Bisio	$ 10,000
Stan Olsen	$ 10,000
Jeanette Kalabolas	$ 10,000
Misty Malczon	$ 10,000
Chris Michaelis	$ 2,500
Robby Piccolotti	$ 2,500
Ron Leihner	$ 2,500
Jonathan Anderson	$ 2,500
Tava Mataele	$ 2,500
Jon Tscharner	$ 2,500
Brad Burwell	$ 2,500
Laura Ravella	$ 2,500

EXCEL WORKSHEET TO BE COMPLETED
Months Tested:
Performed by:
Date:

Electronic Fund Transfers/Bank Wire

Sample Number	1	2	3	4	5
Cash Disbursement Amount					
Disbursement Number					
Review the description of products or services provided. Does the account it was charged against on the "Check Listing" appear reasonable?					
Agree the amount of disbursement from the "Check Listing" to the check stub and the support documentation. Do all amounts agree or reconcile?					
Agree the Name from the "Check Listing" to the check stub and the support documentation. Does the name agree?					
Review the date of the support documentation to the date of cash disbursement and inquiry as to any unusual delays between the invoice date and the cash disbursement. Do the dates appear reasonable or where you able to satisfy yourself that any delays were reasonable?					
Compare the signature approval on the support documentation to the approval limits schedule below and determine that the appoval limits were not exceeded. Were apprpoval limits not exceeded?					

EXCEL WORKSHEET TO BE COMPLETED
Months Tested:
Performed by:
Date:

Electronic Fund Transfers/Bank Wire

Sample Number	1	2	3	4	5
Cash Disbursement Amount					
Disbursement Number					
If an Electronic Fund Transfer or Bank Wire, obtain the bank statement and agree the date, amount and payee to the bank statement. Does the Electronic Fund Stransafer or Bank Wire agree to the bank statement?					

If any of the answers were "No," Describe the resolution of the matter below.

Credit Card Statement
Month Reviewed:

Does each line item of the credit card statement charges have a corresponding receipt and do the charges appear reasonable?	

EXCEL WORKSHEET TO BE COMPLETED
Months Tested:
Performed by:
Date:

Electronic Fund Transfers/Bank Wire

Sample Number	1	2	3	4	5
Cash Disbursement Amount					
Disbursement Number					

	Approval Limit
Tammy Rudock	$ 25,000
Rene Ramirez	$ 20,000
Candy Pina	$ 20,000
Henry Young	$ 10,000
Mike Anderson	$ 10,000
Brent Chester	$ 10,000
Rick Bisio	$ 10,000
Stan Olsen	$ 10,000
Jeanette Kalabolas	$ 10,000
Misty Malczon	$ 10,000
Chris Michaelis	$ 2,500
Robby Piccolotti	$ 2,500
Ron Leihner	$ 2,500
Jonathan Anderson	$ 2,500
Tava Mataele	$ 2,500
Jon Tscharner	$ 2,500
Brad Burwell	$ 2,500
Laura Ravella	$ 2,500