

I hereby certify that the following agenda was posted at least 72 hours prior to the time of the meeting so noticed below at 24251 Los Alisos Boulevard, Lake Forest, California.



DENNIS P. CAFFERTY, Secretary of the El Toro Water District and the Board of Directors thereof



AGENDA

EL TORO WATER DISTRICT

REGULAR MEETING OF THE BOARD OF DIRECTORS FINANCE/INSURANCE COMMITTEE MEETING AND ENGINEERING COMMITTEE MEETING

November 25, 2019

7:30 a.m.

CALL TO ORDER – President Vergara

PLEDGE OF ALLEGIANCE – Director Havens

ORAL COMMUNICATIONS/PUBLIC COMMENTS

Members of the public may address the Board at this time or they may reserve this opportunity with regard to an item on the agenda until said item is discussed by the Board. Comments on other items will be heard at the times set aside for “COMMENTS REGARDING NON-AGENDA ENGINEERING COMMITTEE ITEMS” or for “COMMENTS REGARDING NON-AGENDA FIC ITEMS.” The public will identify themselves when called on and limit their comments to three minutes.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

Determine need and take action to agendize items(s) which arose subsequent to the posting of the Agenda. (ROLL CALL VOTE: Adoption of this recommendation requires a two-thirds vote of the Board members present, or, if less than two-thirds of the Board members are present, a unanimous vote of those members present.)

FINANCE / INSURANCE COMMITTEE MEETING

CALL MEETING TO ORDER – Vice President Monin

CONSENT CALENDAR

(All matters under the Consent Calendar will be approved by one motion unless a Board member or a member of the public requests separate action or discussion on a specific item)

1. **Approval of Minutes** (Minutes Included)
 - a. Consider approving the minutes of the October 22, 2019 Finance Committee meeting
 - b. Consider renewing the District's membership in California Association of Sanitation Agencies (CASA) in the amount of \$13,370 for calendar year 2020. The membership dues for 2019 were \$13,370.
 - c. Consider renewing the District's membership in American Water Works Association (AWWA) in the amount of \$2,223 for calendar year 2020. The membership dues for 2019 were \$2,158.
 - d. Consider renewing the District's membership in WaterReuse in the amount of \$1,070 for calendar year 2020. The membership dues for 2019 were \$1,016.50.
 - e. Consider renewing the District's membership in CSDA in the amount of \$7,615 for calendar year 2020. The membership dues for 2019 were \$7,252.
 - f. Consider approving the 2018/19 fiscal year reconciliation of the District's restricted Capital Facility Fee Reserve.

APPROVAL OF ITEMS REMOVED FROM TODAY'S FINANCE COMMITTEE

CONSENT CALENDAR

The Board will discuss items removed from today's Finance Committee Consent Calendar requiring further discussion.

Recommended Action: The Board will be requested to approve the items removed from today's consent Finance Committee Consent Calendar.

FINANCIAL ACTION ITEMS

2. **ETWD Comprehensive Annual Financial Report/Audit – Fiscal Year Ended June 30, 2019** (Reference Material Included)

Staff and the District's independent Auditor, The PUN Group, will review and comment on the District's Comprehensive Annual Financial Report (CAFR) – Audit for fiscal year ended June 30, 2019.

Recommended Action: Staff recommends that the Board of Directors receive and file the District's Comprehensive Annual Financial Report (CAFR) – Audit for fiscal year ended June 30, 2019.

3. **Quarterly Review of the District's 401(k) Retirement Savings Plan** (Reference Material Included)

A HighMark representative will review and comment on the investment performance of the District's 401(k) Retirement Savings Plan.

Recommended Action: Staff recommends that the Board Receive and File the Quarterly review of the District's 401(k) Retirement Savings Plan.

4. **2019 Strategic Plan Update** (Reference Material Included)

Staff and the District's Consultant, Means Consulting, will review and comment on the draft Vision, Mission, Goals, and Values to be included in the update of the El Toro Water District's Strategic Plan.

Recommended Action: Staff recommends that the Board approve the Vision, Mission, Goals, and Values statements for inclusion in the 2019 Strategic Plan update.

5. **Dam Failure Liability Insurance** (Reference Material Included)

Staff will review and comment on the renewal invoice from ACWA JPIA for Dam Failure Liability Insurance.

Recommended Action: Staff recommends that the Board of Directors authorize the District's General Manager to pay the ACWA JPIA renewal invoice for Dam Failure Liability Insurance in the amount of \$59,415.

6. **Financial Package - Authorization to Approve Bills for Consideration dated November 25, 2019 and Receive and File Financial Statements as of October 31, 2019** (Reference Material Included)

The Board will consider approving the Bills for Consideration dated November 25, 2019 and Receive and File Financial Statements as of October 31, 2019.

Recommended Action: Staff recommends that the Board 1) approve, ratify and confirm payment of those bills as set forth in the schedule of bills for consideration dated November 25, 2019, and 2) receive and file the Financial Statements for the period ending October 31, 2019.

FINANCIAL INFORMATION ITEMS

7. Tiered Water Usage and Revenue Tracking (Reference Material Included)

Staff will review and comment on monthly and year to date Tiered Water Usage and Revenue tracking.

COMMENTS REGARDING NON-AGENDA FIC ITEMS

CLOSE FINANCE AND INSURANCE COMMITTEE MEETING

ENGINEERING COMMITTEE

CALL MEETING TO ORDER – Director Freshley

CONSENT CALENDAR

(All matters under the Consent Calendar will be approved by one motion unless a Board member or a member of the public requests separate action or discussion on a specific item)

8. Approval of Minutes (Minutes Included)

- a. Consider approving the minutes of the October 22, 2019 Engineering Committee.

APPROVAL OF ITEMS REMOVED FROM TODAY'S ENGINEERING COMMITTEE

CONSENT CALENDAR

The Board will discuss items removed from today's Engineering Committee Consent Calendar requiring further discussion.

Recommended Action: The Board will be requested to approve the items removed from today's Engineering Committee Consent Calendar.

ENGINEERING ACTION ITEMS

There are no action items.

ENGINEERING GENERAL INFORMATION ITEMS

9. **El Toro Water District Capital Project Status Report**
(Reference Material Included)

Staff will review and comment on the El Toro Water District Capital Project Status Report.

10. **Engineering Items Discussed at Various Conferences and Meetings** (Oral Report)

The Committee will discuss any pertinent Engineering items discussed at Conferences.

COMMENTS REGARDING NON-AGENDA ENGINEERING COMMITTEE ITEMS

CLOSE ENGINEERING COMMITTEE MEETING

ATTORNEY REPORT

CLOSED SESSION

At this time the Board will go into Closed Session as follows:

1. At this time the Board will go into Closed Session pursuant to Government Code Section 54956.9 (d) (2) to consult with legal counsel and staff –Potential Litigation (one matter).
2. To conduct the General Manager's annual performance evaluation pursuant to Government Code Section 54957 (b) (1).

REGULAR SESSION

REPORT ON CLOSED SESSION (Legal Counsel)

Mr. Granito will provide an oral report on the Closed Session.

11. **GENERAL MANAGER COMPENSATION**

Board Action: The District's Board of Directors will discuss and consider granting the District's General Manager a compensation increase in the amount and form as determined by the Board.

12. General Session Membership Meeting at ACWA 2019 Fall Conference
(Reference Material Included)

Staff will review and comment on the General Session Membership Meeting. The purpose of the meeting is to formally nominate and elect ACWA's President and Vice President for the 2020-2021 term.

Recommended Action: Staff recommends that the Board of Directors 1) approve a Proxy Designation Form designating President Vergara as the District's Voting Delegate, and 2) to cast a vote approving the ACWA Nominating Committee recommended slate for President (Steven LaMar) and Vice Chair (Sarah Palmer).

ADJOURNMENT TO 7:30 a.m., Tuesday, December 17, 2019.

The agenda material for this meeting is available to the public at the District's Administrative Office, which is located at 24251 Los Alisos Blvd., Lake Forest, Ca. 92630. If any additional material related to an open session agenda item is distributed to all or a majority of the board of directors after this agenda is posted, such material will be made available for immediate public inspection at the same location.

Request for Disability-Related Modifications or Accommodations

If you require any disability-related accommodation, including auxiliary aids or services, in order to participate in this public meeting, please telephone the District's Recording Secretary, Polly Welsch at (949) 837-7050, extension 225 at least forty-eight (48) hours prior to said meeting. If you prefer, your request may be submitted in writing to El Toro Water District, P.O. Box 4000, Laguna Hills, California 92654, Attention: Polly Welsch.

MINUTES OF THE REGULAR MEETING
OF THE
FINANCE/INSURANCE COMMITTEE MEETING

October 22, 2019

Vice President Monin called the Finance Committee meeting to order at 8:56 o'clock a.m. on October 22, 2019.

Present at today's meeting were Committee Members JOSE F. VERGARA, MARK MONIN, KATHRYN FRESHLEY, MIKE GASKINS, and KAY HAVENS.

Also present were DENNIS P. CAFFERTY, General Manager, JUDY CIMORELL, Human Resources Manager, NEELY SHAHBAKHTI, Finance Manager/Controller, NANCY LAURSEN, Accountant/Insurance Administrator, GILBERT J. GRANITO, General Counsel, and POLLY WELSCH, Recording Secretary.

Consent Calendar

- a. Consider approving the September 24, 2019 Finance Committee meeting minutes

Vice President Monin asked for a Motion.

Motion: Director Gaskins made a Motion, seconded by Director Havens and unanimously carried across the Board to approve the Consent calendar.

Roll Call Vote:

Director Gaskins	aye
President Vergara	aye
Vice President Monin	aye
Director Freshley	aye
Director Havens	aye

Approval of Items Removed from Today's FIC Consent Calendar

There were no items removed.

Finance Action Items

Quarterly Insurance Report

Ms. Cimorell stated that this is the first quarter of the year. Ms. Laursen added that the report includes renewal fees and the addition of the Underground Storage Tank Pollution Liability which is slightly over budget.

Vice President Monin asked if any of the renewal fees have increased or decreased. Mr. Cafferty replied that the Dam Failure Liability renewal has been delayed due to current insurance market conditions. He further commented that this is not a pooled program and all premium costs are passed onto the participating members. Mr. Cafferty stated that the new premium could be 50% higher than what was budgeted.

Vice President Monin asked for a Motion.

Motion: Director Havens made a Motion, seconded by Vice President Monin and unanimously carried across the Board to Receive and File the Quarterly Insurance Report for the period of July 1, 2019 through September 30, 2019.

Roll Call Vote:

Director Gaskins	aye
President Vergara	aye
Vice President Monin	aye
Director Freshley	aye
Director Havens	aye

Finance Report

Ms. Shahbakhti stated that included in the package is information for the month of September.

Vice President Monin asked for a Motion.

Motion: Director Gaskins made a Motion, seconded by Director Havens, and unanimously carried across the Board to 1) approve, ratify, and confirm payment of those bills as set forth in the schedule of bills for consideration dated October 22, 2019, and 2) receive and file the Financial Statements for the period ending September 30, 2019.

Roll Call Vote:

President Vergara	aye
Vice President Monin	aye
Director Freshley	aye
Director Gaskins	aye
Director Havens	aye

At approximately 9:00 o'clock a.m. Ms. Laursen left the meeting.

Finance Information Items

Tiered Water Usage and Revenue Tracking

Ms. Shahbakhti stated that included in the package are the monthly water usage by class, year to date, and Tiers.

Comments Regarding Non-Agenda FIC Items

There were no comments.

Close Finance and Insurance Committee Meeting

At approximately 9:01 o'clock a.m. the FIC meeting was closed.

Attorney Report

Mr. Granito reported that there is no need for a Closed Session today, and as such the Regular Session continued.

Adjournment

There being no further business to come before the Board, the following motion was duly made and passed.

Motion: Director Gaskins made a Motion, seconded by Director Havens and unanimously carried that today's meeting be adjourned at 9:03 o'clock a.m. to Monday, November 25, 2019 at 7:30 o'clock a.m. at the District's Administrative Offices at 24251 Los Alisos Blvd, Lake Forest, CA. 92630.

Roll Call:

Vice President Monin	aye
Director Gaskins	aye
President Vergara	aye
Director Freshley	aye
Director Havens	aye

Respectfully submitted,

POLLY WELSCH
Recording Secretary

APPROVED:

JOSE F. VERGARA, President
of the El Toro Water District and the
Board of Directors thereof

DENNIS P. CAFFERTY, Secretary
of the El Toro Water District and the
Board of Directors thereof



California Special Districts Association

Districts Stronger Together

California Special Districts Association
11121 Street, Suite 200
Sacramento, CA 95814
Phone: 877.924.2732 Fax: 916.520.2470
www.csda.net

2020 CSDA MEMBERSHIP RENEWAL

To:

El Toro Water District
24251 Los Alisos Boulevard
Lake Forest, CA 92630

RECEIVED

OCT 15 2019

EL TORO
WATER DISTRICT

Membership ID: 346

Issue Date: October 1, 2019

Due Date: December 31, 2019

RM-Regular Member	\$7,615.00
Optional Purchases	
\$25 2020 Required State & Federal Labor Law Poster	\$
\$200 New Format! CSDA Administrative Salary and Benefits Survey - SPECIAL PRICE	\$
\$225 CSDA Sample Policy Handbook	\$
Total	\$
PAYMENT	
Account Name:	Account Number:
Expiration Date	Auth Signature

Please return this form with payment to CSDA Member Services, 11121 Street, Suite 200, Sacramento, CA 95814, fax: 916.520.2470, or email cassandras@csda.net.

OBRA 1993 prohibits taxpayers from deducting, for federal income tax purposes, the portion of membership dues that are allocable to the lobbying activities of trade organizations. The nondeductible portion of your dues is estimated to be 8%. To view dues categories, please visit the CSDA transparency page at www.csda.net

Thank you for being a CSDA Member!



American Water Works Association

Dedicated to the World's Most Important Resource®

6666 West Quincy Avenue
Denver, CO 80235-3098 USA
Phone: 800.926.7337
Outside US: 303.794.7711
Fax: 303.347.0804
Email: service@awwa.org

IT'S TIME TO RENEW!

Dedicated to the world's most important resource, AWWA champions water knowledge, treatment and informed regulations. Through membership AWWA provides solutions to improve public health, protect the environment, sustain the economy and enhance quality of life. Together we are creating a better world through better water.

286
#BWNCWZH
#00035286 1#
Mr. Robert R. Hill
El Toro Water District
24251 Los Alisos Blvd
Lake Forest, CA 92630-5246

RECEIVED
OCT 23 2019
EL TORO
WATER DISTRICT

FIRST MEMBERSHIP RENEWAL NOTICE

Please complete this form and return all pages with your payment. Thank you for your continued support.

MEMBERSHIP DUES

MEMBERSHIP TERM 01/01/2020 - 12/31/2020

DATE:	ORDER NUMBER:	MEMBER NUMBER:	PO NUMBER:	DUE DATE:	TOTAL DUES:
09/20/2019	7001720958	00035286		12/11/2019	\$2223.00

THREE EASY WAYS TO RENEW

Be sure to mail or fax all page of this form along with your payment.

- ✉ Mail: American Water Works Association
PO Box 972997, Dallas, TX 75397-2997
- ☎ Fax: 303.347.0804
- ☎ Phone: 800.926.7337 or 303.794.7711 Hours: Mon-Fri 8am-5pm MT

- Check (US funds only)
- Visa MasterCard American Express Discover Card

Card No: _____

Expiration Date: _____ Signature: _____





WATER REUSE

1199 North Fairfax St. Suite 900 • Alexandria, VA 22314

President
Paul Jones, II
Eastern Municipal Water
District, CA

Vice President
Gilbert Trejo
El Paso Water Utilities, TX

Treasurer
Diane Taniguchi-
Dennis
Clean Water Services, OR

Secretary
Craig Lichty
Black & Veatch, CA

Past President
Guy Carpenter
Carollo Engineers, AZ

October 18, 2019

Mr. Bob Hill
General Manager
El Toro Water District
24251 Los Alisos Boulevard
Lake Forest, CA 92630

Dear Bob:

On behalf of our Board of Directors, thank you for your support and membership to the WaterReuse Association. Your annual membership renewal invoice is enclosed.

This year, the Board of Directors worked closely with staff to develop a three- year strategic plan focused on maintaining the Association as the leading trade organization for policy and technical resources related to water reuse. Our goal is to ensure that as current and prospective members increasingly integrate water reuse approaches across their water management programs, the Association can provide them with superior advocacy services, communication products, and professional development programs.

For its 2020 workplan, the national office staff will focus on:

- Strengthening content available to members through programming such as webinars, Symposium technical sessions, and written materials;
- Advocating on behalf of members for key federal funding programs and implementation of a national water reuse action plan;
- Developing communications tools to support public outreach and educational awareness by our members; and,
- Ensuring our Annual Symposium and section conferences successfully meet member expectations.

In addition, WaterReuse California (WRCA) will further enhance its leadership position in the state, provide additional staff support to cover the myriad of regulatory issues involving reuse, increase support for its seven section chapters and provide a social media presence for California.

To achieve these goals, the Board recognized that additional resources for staff and administrative capacity are needed, and approved a dues increase. Your investment enables the Association to rebuild some of the capacity lost as the national office transitioned away from its affiliation with the former Water Environment & Reuse Foundation (currently, the Water Research Foundation). Your investment will also ensure that we continue to attract new members in regions where a range of drivers make water reuse attractive.

Page 3 of 3

If you have any questions, please feel free to contact Patricia Sinicropi, Executive Director, at (571) 445-5502 or psinicropi@watereuse.org, or Erin DiMenna, Director of Membership, at (571) 445-5505 or edimenna@watereuse.org. All of us at the WateReuse Association thank you for your past loyalty and involvement, your continued support, and we look forward to serving you in 2020.

Sincerely,

A handwritten signature in black ink that reads "Paul Jones, II". The signature is written in a cursive style with a large initial "P" and a distinct "II" at the end.

Paul Jones, II
WateReuse Association President
Eastern Municipal Water District, CA



INVOICE

El Toro Water District
PO Box 4000
Laguna Hills, CA 92654

Invoice Date:
October 1, 2019

Invoice Number:
D35069

Reference:
Online Contribution: WateReuse
Association Renewal: Water Utilities

WateReuse
1199 North Fairfax Street, Suite 900
Alexandria, 22314
United States
703.548.0880
membership@watereuse.org

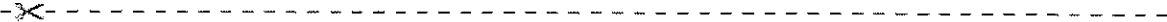
Description	Quantity	Unit Price	Amount USD
Population - 25,000 - 49,999	1	\$ 1,070.00	\$ 1,070.00
Please indicate your location - California	1	\$ 0.00	\$ 0.00
Sub Total			\$ 1,070.00
TOTAL USD			\$ 1,070.00

DUE DATE: December 31, 2019

For questions, please contact Erin DiMenna at 571-445-5505 or edimenna@watereuse.org.

WateReuse estimates that 20% of your annual dues will be used to support the Association's direct lobbying effort. Pursuant to the 1993 Federal Tax Act, that portion of your annual WateReuse dues will therefore be considered non-deductible for income tax purposes. The WateReuse Association Taxpayer Identification Number is 68-0235568.

Thank you for your support of the WateReuse Association! The WateReuse Association is a trade organization whose primary purpose is to support the common interests of the water reuse industry. We're honored to serve you.



PAYMENT ADVICE

To:
WateReuse
1199 North Fairfax Street, Suite 900
Alexandria, 22314
United States
703.548.0880
membership@watereuse.org

Member: El Toro Water District
Invoice Number: D35069
Amount Due: \$ 1,070.00
Due Date: December 31, 2019

Pay by Check (Payable to WateReuse Association)

WateReuse Association
1199 North Fairfax Street, Suite 900
Alexandria, VA 22314

Pay by Electronic Funds Transfer

Beneficiary Bank: United Fairfax
8270 Greensboro Drive
McLean, VA 22102
Beneficiary Name: WateReuse Association
Routing/Transit #: 056004445
Beneficiary Acct #: 0091900076

California Association of Sanitation Agencies
1225 8th Street, Suite 595
Sacramento, CA 95814
Ph: (916) 446-0388
Tax I.D. 68-0018896

INVOICE 4012



El Toro Water District
24251 Los Alisos Blvd.
Lake Forest, CA 92630

Invoice # 4012
Invoice Date 11/07/2019
Invoice Due 12/30/2019

Amount Due	\$ 13,370.00
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Transactions

Description	Amount
Membership Renewal - Agency - El Toro Water District - Between \$5,000,000 - \$10,000,000 (through December 31, 2020) Polly Welsch Jose Vergara Neely Shahbakhti Ralph Palomares Mark Monin Kay Havens Dennis Cafferty Fred Adjarian	\$ 13,370.00

Total Amount	\$ 13,370.00
Amount Paid	-\$ 0.00
Amount Due	\$ 13,370.00

CAPITAL FACILITY FEE RESERVE
Annual Reconciliation in Accordance with Requirements of
SB 1760
(Government Code Section 66013)

In accordance with the District’s Rules and Regulations, the El Toro Water District collects from developers connecting to the District’s Water System and/or Sewer System a Capital Facility Fee (“CFF”). These funds are held in a segregated and restricted reserve (Capital Facility Reserve) for expenditure on qualified Water System and/or Sewer System Capital Facility projects.

In accordance with the requirements of SB 1760 (Government Code Section 66013) the District must make available to the Public, within 180 days after the last day of each fiscal year, information regarding the nature, balances, collections, earnings and expenditures of funds in the Capital Facilities Reserve. The following provides the necessary information in compliance with that requirement.

1) Description of the Capital Facility Fee:

In accordance with El Toro Water District Rules and Regulations Applicable to Water and Sewer Service, Schedule No. 2-W Water Capital Facilities Fee (Residential and Non-Residential Customers), Schedules No. 4-S Capital Facilities Fee (Residential Developments) and No. 5-S Capital Facilities Fee (Commercial and Industrial Developments and Public Authority Projects) the District collects Capital Facilities Fees. Fees are determined according to the respective policies as follows:

a. **Water Capital Facilities Fee (Residential and Non-residential Customers)**

The Water Capital Facilities Fee consists of two components

- i. The Water Capital Facilities Fee – Meter Component for each new residential and/or non-residential customer desiring new and/or increased capacity in the El Toro Water District water system shall be an amount based on the meter size as follows:

Meter Size	Capital Facilities Fee Meter Component
5/8”	\$2,145
3/4”	\$2,145
1”	\$3,582
1 1/2”	\$8,708
2”	\$21,856

- ii. The Water Capital Facilities Fee – Water Supply Charge (WSC) for each new residential and/or non-residential customer desiring new and/or increased capacity in the El Toro Water District water system shall be an amount based on the estimated new demand in acre-feet per year (afy) at a rate of \$8,900/afy as follows:

$$\text{WSC (\$)} = \text{Project Demand (afy)} \times \$8,900/\text{afy}$$

b. **Sewer Capital Facilities Fee (Residential Developments)** - The Capital Facilities Fee for each new residential customer desiring new and/or increased capacity in the El Toro Water District sewer system shall be \$9.311 times the number of gallons of sewage to be discharged into the District’s system each day. Gallons of sewage to be discharged will be calculated using characteristic sewage generation factors established by the City of Los Angeles/Los Angeles County Sanitation Districts for various residential user classifications.

c. **Sewer Capital Facilities Fee (Commercial and Industrial Developments and Public Authority Projects)** - The Capital Facilities Fee for each new Commercial and Industrial Development and Public Authority Project desiring new and/or increased capacity in the El Toro Water District sewer system shall be based on the daily volume of sewage to be discharged into the District’s sewer system by each establishment within a development. The Capital Facilities Fee for each establishment within a development shall be an amount equal to \$9.311 times the number of gallons of sewage to be discharged into the District’s system each day. Gallons of sewage to be discharged will be calculated using characteristic sewage generation factors established by the City of Los Angeles/Los Angeles County Sanitation Districts for various commercial, industrial and public authority user classifications.

- 2) A reconciliation of the funds in the Capital Facility Reserve during fiscal year 2018/19 is as follows:

	Water Meter	Water Supply	Sewer
Balance as of July 1, 2018	\$ -0-	\$ -0-	\$ -0-
Collections	\$ 8,708.00	\$ 5,274.11	\$ 4,678.78
Interest Earned	\$ 215.95	\$ 130.79	\$ 116.03
Sub-Total	\$ 8,923.95	\$ 5,404.90	\$ 4,794.81
Expended during the fiscal year	(\$ 8,923.95)	(\$ 5,404.90)	(\$ 4,794.81)
Balance June 30, 2019	\$ -0-	\$ -0-	\$ -0-

- 3) As reported in 2) above, the District collected a total of \$19,123.66 from new developments during fiscal year 2018/19.

- 4) During fiscal year 2018/19 the District allocated funds from the restricted Capital Facility Reserve to fund a portion of the District’s capital expense related to the R-6 Reservoir Sodium Hypochlorite Tank Replacement Project and a portion of the District’s capital expense obligation to the South Orange County Wastewater Authority capital improvement program as follows:

	R6 Reservoir Sodium Hypochlorite Tank Replacement Project	%	South Orange County Wastewater Authority	%
Total Project Cost	\$ 225,456.99		\$ 654,528.07	
Funding				
Capital Facility Reserve	\$ 14,328.85	6.4%	\$ 4,794.81	0.7%
Capital Construction Reserves	\$ 211,128.14	93.6%	\$ 649,733.26	99.3%

There were no inter-fund transfers or loans from the Capital Facilities Fee Reserve account during the year.

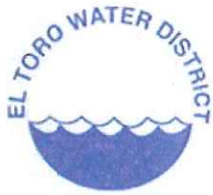
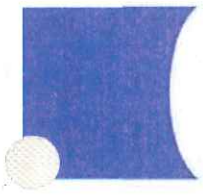
5) **Project Descriptions**

a. **R-6 Reservoir Sodium Hypochlorite Tank Replacement Project**

The project replaced two existing 5,000-gallon Sodium Hypochlorite Storage Tanks at the R-6 Reservoir Chloramination Facility. The storage tanks were nearly 20 years old and were exhibiting signs of fatigue. Both tanks experienced flange leaks and the tank manufacturer’s representative performed an internal inspection and evaluation. It was determined that the flange leaks were unrepairable and the recommendation from the manufacturer was to replace the tanks due to the leaks and signs of internal wear.

b. **South Orange County Wastewater Authority Capital Program**

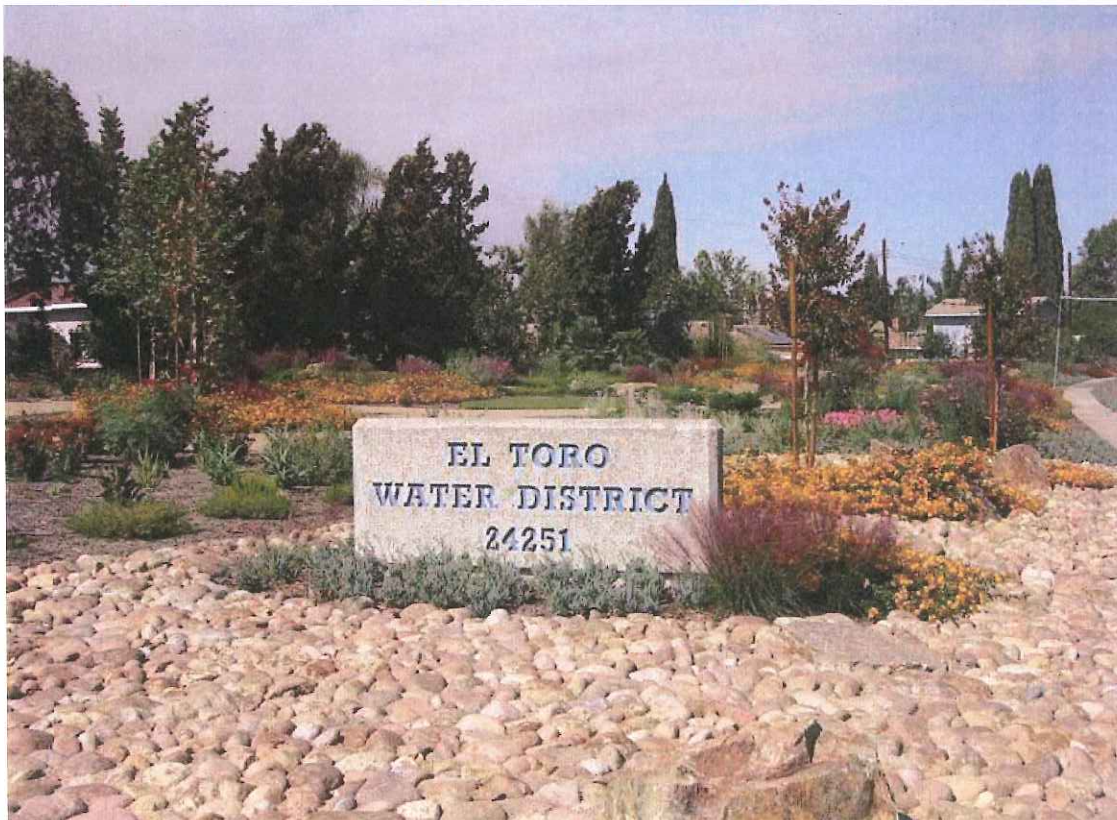
The District capital obligation to support the South Orange County Wastewater Authority (SOCWA) capital budget is based on capacity ownership in the various Project Committees. SOCWA collects funding to support the capital improvements on a cash flow basis. The funds collected are intended to support actual costs rather than project budgets.



El Toro Water District

Comprehensive Annual Financial Report

For the Years Ended June 30, 2019 and 2018



EL TORO WATER DISTRICT – A District of Distinction

24251 Los Alisos Blvd., Lake Forest. CA 92630 – 949-837-0660 / www.etwd.com

**El Toro Water District
Comprehensive Annual Financial Report
For the Years Ended June 30, 2019 and 2018**

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INTRODUCTORY SECTION

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El Toro Water District

"A District of Distinction"

Serving the Public - Respecting the Environment

Board of Directors

Jose F. Vergara
President

Mark L. Monin
Vice President

Kathryn Freshley
Director

Mike Gaskins
Director

Kay Havens
Director

General Manager

Dennis P. Cafferty

Treasurer

Neely Shahbakhti

October 9, 2019

Board of Directors
El Toro Water District

Introduction

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the El Toro Water District (District) for the fiscal year ended June 30, 2019, following guidelines set forth by the Governmental Accounting Standards Board. District staff prepared this financial report. The District is ultimately responsible for both the accuracy of the data and the completeness and the fairness of presentation, including all disclosures in this financial report. We believe that the data presented is accurate in all material respects. This report is designed in a manner that we believe necessary to enhance your understanding of the District's financial position and activities.

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

District Structure and Leadership

El Toro Water District was formed in 1960 and serves nearly 50,000 people in southern Orange County and is a fully integrated water, sewer and recycled water retail operation. The District is governed by a Board of Directors consisting of five board members. The directors are elected by registered voters within the District boundaries. The Board of Directors establish policy and make decisions based on the District's mission, goals, and operations. The Board's policies are administered and implemented by the General Manager, who is appointed by the Board. Public elections are held every two years and Directors serve four year terms. Terms are staggered to ensure continuity.

The Board takes its responsibilities as sound fiscal stewards seriously. Every quarter the District has an Agreed Upon Procedure (AUP) performed by the District auditors to focus in detail on an aspect of internal controls. Each AUP focuses on different internal control risk areas. Additionally, the District prepares a full cost of service analysis each year to determine the fairness and adequacy of its rates for the next fiscal year.

The District is very proud to have been awarded the District of Distinction Award by the Special District Leadership Foundation in each accreditation cycle since 2007, a testament to the responsible leadership that has been a long-standing tradition at the District.



El Toro Water District

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Director

Kay Havens
Director

General Manager

Dennis P. Cafferty

Treasurer

Neely Shahbakhti

Economic Condition and Outlook

The District offices are located in Orange County, which has the healthiest economic growth in the region.

California's water supply continues to be a concern. This concern has increased interest in conservation and in irrigation methods and systems. The District is a leader in the area of water conservation and will continue to make strides in this area.

Major initiatives

The mission of the El Toro Water District is to "provide its customers a safe, adequate and reliable supply of water and wastewater service in an environmentally and economically responsible way."

The District has successfully maintained the faith of that mission for over 50 years. As we move forward, strategic planning for the future to ensure operational success and customer satisfaction includes:

- Continued collaboration with our wholesale water supplier and regional partners to cost effectively and reliably develop a diverse portfolio of high quality water resources
- Expansion of local recycled water deliveries for beneficial reuse
- Proactive participation in local and regional water conservation programs to advance efficient and responsible use of existing and new water resources
- On-going infrastructure assessment, restoration and replacement with prudent financial planning that supports the District's overall goals and actions.

Some major capital improvement projects include:

The Phase II Recycled Water Distribution System Expansion Project (Project), budgeted at \$8 million, adds approximately 28,500 feet of new recycled water pipelines and appurtenances to the existing recycled water system. The Project also adds 65 dedicated recycled water irrigation meters to the recycled water system. Construction for the waterline project was completed in third quarter of 2018. On-site retrofits are anticipated to be completed by early 2020.

The Oso Sewer Lift Station Improvement Project, budgeted at \$ 1.5 million, is expected to be complete by the end of 2020. This project will replace the aging sewer lift station and increase the reliability and efficiency of the sewer pumping facilities.



El Toro Water District

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Board of Directors

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President

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Vice President

Kathryn Freshley
Director

Mike Gaskins
Director

Kay Havens
Director

General Manager

Dennis P. Cafferty

Treasurer

Neely Shahbakhfi

Internal Control Structure

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

The District's Board of Directors annually adopts an operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise operations and capital projects.

The budget and reporting treatment applied to the District is consistent with the accrual basis of accounting and the financial statement basis.

Investment Policy

The Board of Directors annually reviews the existing adopted investment policy that conforms to state law, District ordinances and resolutions, prudent money management, and the "prudent person" standards. The objectives of the Investment Policy are safety, liquidity and yield in that order. District funds are invested in the State Treasurer's Local Agency Investment Fund (LAIF), California Asset Management Program (CAMP), U.S. treasury obligations, government sponsored entities securities, and institutional savings and checking accounts.

Water Rates and District Revenues

District policy direction ensures that all revenues from user charges and surcharges generated from District customers must support all District operations including capital project funding. Accordingly, water rates are reviewed periodically. Water rates are user charges imposed on customers for services and are the primary component of the District's revenue. Water rates are composed of a commodity (usage) charge and a fixed (readiness-to-serve) charge.



El Toro Water District

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Mike Gaskins
Director

Kay Havens
Director

General Manager

Dennis P. Cafferty

Treasurer

Neely Shahbakti

Audit and Financial Reporting

State Law and Bond covenants require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of The Pun Group LLP has conducted the audit of the District's financial statements. Their unmodified Independent Auditor's Report appears in the Financial Section.

Acknowledgements

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

Respectfully submitted,

Dennis P. Cafferty

General Manager

Neely Shahbakti

Finance Manager/Controller



EL TORO WATER DISTRICT

SERVING THE PUBLIC - RESPECTING THE ENVIRONMENT

DISTRICT OFFICIALS

Board of Directors

Jose Vergara, President

Mark Monin, Vice President

Kathryn Freshley, Director

Mike Gaskins, Director

Kay Havens, Director

District Management

Robert R. Hill, General Manager

Dennis P. Cafferty, Assistant General Manager/District Engineer

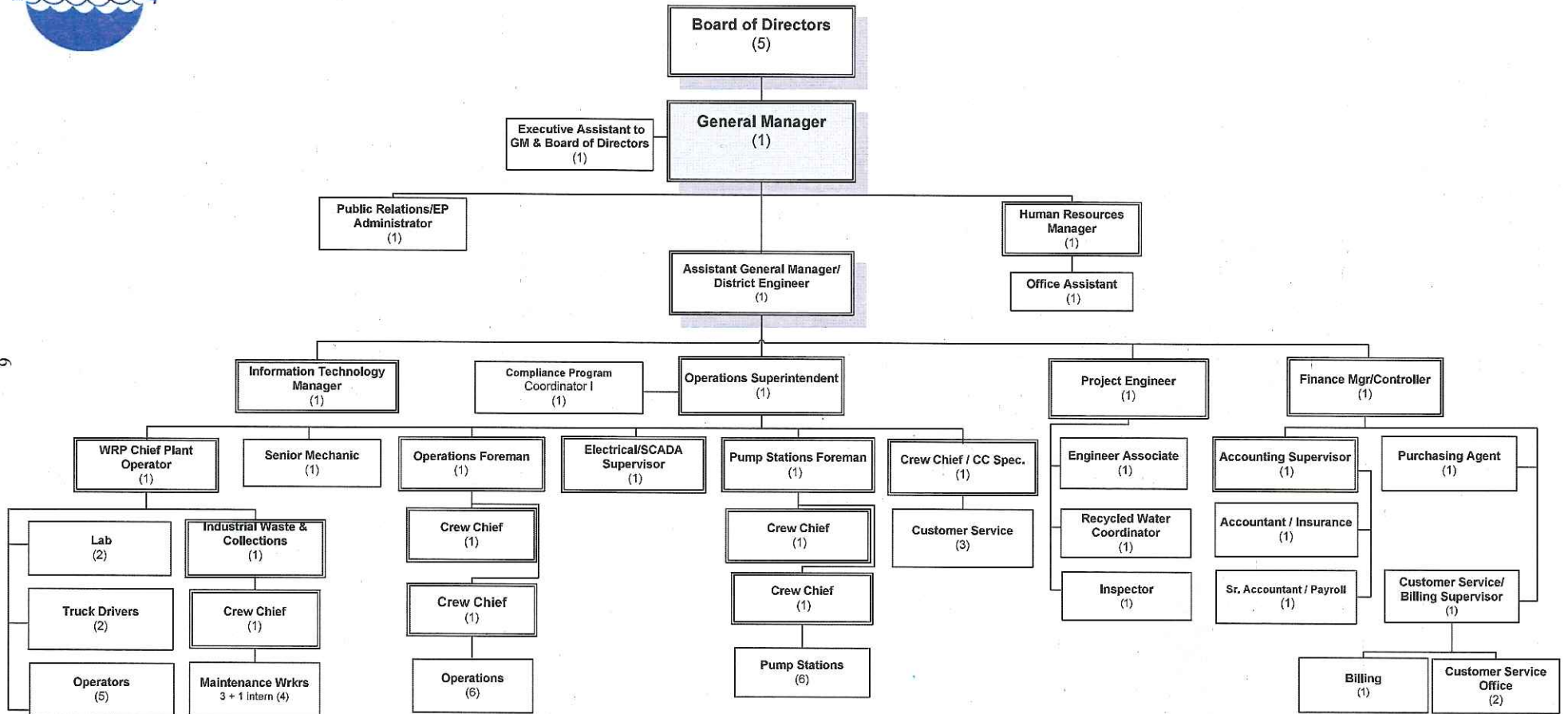
Neely Shahbakhti, Finance Manager/Controller

Judy Cimorell, Human Resource Manager

Michael Miazga, Information Technology Manager



EL TORO WATER DISTRICT ORGANIZATIONAL CHART





Government Finance Officers Association

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

Presented to

**El Toro Water District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the El Toro Water District
Lake Forest, California

Report on the Financial Statements

We have audited the accompanying financial statements of the El Toro Water District (the "District"), as of and for the years ended June 30, 2019 and 2018, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

To the Board of Directors
of the El Toro Water District
Lake Forest, California
Page 2

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 15 through 19, and the Schedule of Changes in Total OPEB Liability and Related Ratio on page 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section and Statistical Section are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

The PwC Group, LLP

Santa Ana, California
November 13, 2019



**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 Auditors' Report

To the Board of Directors
of the El Toro Water District
Lake Forest, California

We have audited, in accordance with the 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 El Toro 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 November 13, 2019.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the District's internal control over financial reporting (the "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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.

To the Board of Directors
of the El Toro Water District
Lake Forest, California
Page 2

Purpose of this Report

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

The PwC Group, LLP

Santa Ana, California
November 13, 2019

El Toro Water District
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2019 and 2018

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the El Toro Water District (District) provides an introduction to the financial statements of the District for the year ended June 30, 2019 and 2018. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In 2019, the District's net position increased 2.53% or \$1,594,604 to \$64,553,048 as a result of operations.
- In 2018, the District's net position decreased 8.70% or (\$5,998,577) to \$62,958,444 as a result of operations.
- In 2019, the District's operating revenues decreased 3.07%, or (\$781,804), primarily due to a \$984,662 decrease in water consumption sales and a \$130,472 decrease in sewer services.
- In 2018, the District's operating revenues increased 5.88%, or \$1,412,387, primarily due to a \$823,991 increase in water consumption sales and a \$325,729 increase in sewer services.
- In 2019, the District's operating expenses before depreciation decreased 1.25%, or (\$284,296), primarily due to a \$643,551 decrease in source of supply and a \$473,971 decrease in transmission and distribution.
- In 2018, the District's operating expenses before depreciation increased 7.20%, or \$1,527,717, primarily due to an increase in source of supply of \$858,485.

Required Financial Statements

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

The Statement of Net Position include all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statements of Revenues, Expenses and Changes in Net Position. The statements measure the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. The statements can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statements of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statements of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

El Toro Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2019 and 2018

Financial Analysis of the District

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Balance Sheets and the Statements of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and changes in them. One can think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation, such as changes in Federal and State water quality standards.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Condensed Statement of Net Position

	June 30, 2019	June 30, 2018	Change	June 30, 2017	Change
Assets:					
Current assets	\$ 21,961,987	\$ 16,550,066	\$ 5,411,921	\$ 19,553,765	\$ (3,003,699)
Restricted assets	2,076,518	1,648,811	427,707	1,626,039	22,772
Capital assets, net	94,473,600	96,109,953	(1,636,353)	94,743,188	1,366,765
Total assets	118,512,105	114,308,830	4,203,275	115,922,992	(1,614,162)
Deferred outflows of resources:					
OPEB related deferred outflows of resources	3,337,168	237,713	3,099,455	-	237,713
Total deferred outflows of resources	3,337,168	237,713	3,099,455	-	237,713
Liabilities:					
Current liabilities	5,058,237	5,491,773	(433,536)	\$4,558,062	933,711
Noncurrent liabilities	52,237,988	46,096,326	6,141,662	42,407,909	3,688,417
Total liabilities	57,296,225	51,588,099	5,708,126	46,965,971	4,622,128
Net position:					
Net investment in capital assets	56,355,138	60,300,968	(3,945,830)	57,194,565	3,106,403
Restricted	2,076,518	1,648,811	427,707	1,626,039	22,772
Unrestricted	6,121,392	1,008,665	5,112,727	10,136,417	(9,127,752)
Total net position	\$ 64,553,048	\$ 62,958,444	\$ 1,594,604	\$ 68,957,021	\$ (5,998,577)

In 2019, total assets increased by \$4,203,275, total liabilities increased by \$5,708,126, total deferred outflows of resources increased by \$3,099,455 and net position increased by \$1,594,604.

In 2019, the increase in current assets of \$5,411,921 is directly related to the issuance of SRF Loan – 2018 with amount of \$4,085,782.

El Toro Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2019 and 2018

In 2018, total assets decreased by \$1,614,162, total liabilities increased by \$4,622,128, and net position decreased by \$6,236,290.

In 2018, the decrease in current assets of \$3,003,699 is directly related to the \$1.4 million increase capital assets as the District continues to utilize its cash reserves to construct its capital projects.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities by \$64,315,335 and \$62,720,731 as of June 30, 2019 and 2018, respectively.

By far the largest portion of the District's net position (88% as of June 30, 2019 and 96% as of June 30, 2018) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending.

At the end of fiscal years 2019 and 2018, the District showed a balance in its restricted net position of \$2,076,518 and \$1,648,811, respectively, which is restricted for debt service and capital projects.

At the end of fiscal years 2019 and 2018, the District showed a positive balance in its unrestricted net position of \$5,883,679 and \$770,952, respectively, which may be utilized in future years. The significant increase in unrestricted net position is due to the OPEB related deferred outflows of resources in the amount of \$3,099,455 as of June 30, 2019.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	June 30, 2019	June 30, 2018	Change	June 30, 2017	Change
Revenues:					
Operating revenues	\$ 24,663,457	\$ 25,445,261	\$ (781,804)	\$ 24,032,874	\$ 1,412,387
Non-operating revenues	2,627,873	1,299,509	1,328,364	1,298,287	1,222
Total revenues	27,291,330	26,744,770	546,560	25,331,161	1,413,609
Expenses:					
Operating expenses	26,928,835	26,859,040	69,795	25,287,726	1,571,314
Non-operating expenses	753,794	790,753	(36,959)	706,683	84,070
Total expenses	27,682,629	27,649,793	32,836	25,994,409	1,655,384
Capital contributions	1,985,903	45,853	1,940,050	85,821	(39,968)
Change in net position	1,594,604	(859,170)	2,453,774	(577,427)	(281,743)
Net position:					
Beginning of year	62,958,444	68,957,021	(5,998,577)	69,534,448	(577,427)
Restatement:					
Due to implementation of GASB 75	-	(5,139,407)	5,139,407	-	(5,139,407)
End of year	\$ 64,553,048	\$ 62,958,444	\$ 1,594,604	\$ 68,957,021	\$ (5,998,577)

The statements of revenues, expenses and changes of net position reflect how the District's net position changed during the fiscal year. In the case of the District, the District's change in net position increased by \$2,691,487 and decreased by \$519,456, respectively, for the fiscal years ended June 30, 2019 and 2018.

El Toro Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2019 and 2018

Total Revenues

Operating revenues:	June 30, 2019	June 30, 2018	Change	June 30, 2017	Change
Water consumption sales	\$ 8,474,791	\$ 9,459,453	\$ (984,662)	\$ 8,635,462	\$ 823,991
Water service charges	4,623,068	4,325,454	297,614	4,177,505	147,949
Sewer service charges	10,955,238	11,085,710	(130,472)	10,759,981	325,729
Standby charges	247	418	(171)	1,525	(1,107)
Reimbursements from others	383,810	403,445	(19,635)	331,179	72,266
Other charges for services	226,303	170,781	55,522	127,222	43,559
Total operating revenues	24,663,457	25,445,261	(781,804)	24,032,874	1,412,387
Non-operating revenues:					-
Property taxes	1,012,576	927,672	84,904	888,973	38,699
Rental revenue	204,160	188,183	15,977	181,491	6,692
Investment earnings	500,786	124,001	376,785	75,113	48,888
Other non-operating revenue	910,351	59,653	850,698	152,710	(93,057)
Total non-operating revenues	2,627,873	1,299,509	1,328,364	1,298,287	1,222
Total revenue	\$ 27,291,330	\$ 26,744,770	\$ 546,560	\$ 25,331,161	\$ 1,413,609

In 2019, the District's operating revenues decreased 3.07%, or (\$781,804), primarily due to a \$984,662 decrease in water consumption sales and a \$130,472 decrease in sewer services.

In 2018, the District's operating revenues increased 5.88%, or \$1,412,387, primarily due to a \$823,991 increase in water consumption sales and a \$325,729 increase in sewer services.

Total Expenses

Operating expenses:	June 30, 2019	June 30, 2018	Change	June 30, 2017	Change
Source of supply	\$ 7,650,468	\$ 8,294,019	\$ (643,551)	\$ 7,435,534	\$ 858,485
Pumping	1,480,556	1,491,273	(10,717)	1,460,096	31,177
Water treatment	3,744,102	3,567,648	176,454	3,380,526	187,122
Transmission and distribution	4,561,123	5,035,094	(473,971)	5,037,124	(2,030)
Customer service	720,714	686,217	34,497	694,479	(8,262)
General and administrative	4,305,441	3,434,736	870,705	3,211,224	223,512
Depreciation	4,466,431	4,350,053	116,378	4,068,743	281,310
Total operating expenses	26,928,835	26,859,040	69,795	25,287,726	1,571,314
Non-operating expenses:					
Interest expense	753,794	790,753	(36,959)	706,683	84,070
Total non-operating expenses	753,794	790,753	(36,959)	706,683	84,070
Total expenses	\$ 27,682,629	\$ 27,649,793	\$ 32,836	\$ 25,994,409	\$ 1,655,384

In 2019, the District's operating expenses decreased 0.62%, or \$167,918, primarily due to a \$643,551 decrease in source of supply and a \$473,971 decrease in transmission and distribution.

In 2018, the District's operating expenses increased 7.15%, or \$1,809,027 primarily due to an increase in source of supply of \$858,485 and General and administrative of \$461,225.

El Toro Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2019 and 2018

Capital Assets

Capital asset balances were as follows:

Description	June 30, 2019	June 30, 2018	June 30, 2017
Non-depreciable assets	\$ 14,290,118	\$ 12,888,375	\$ 9,293,359
Depreciable assets	155,531,931	154,242,110	152,232,271
Accumulated depreciation	(75,348,449)	(71,020,532)	(66,782,442)
Total capital assets, net	<u>\$ 94,473,600</u>	<u>\$ 96,109,953</u>	<u>\$ 94,743,188</u>

At the end of fiscal years 2019 and 2018 and 2017, the District's investment in capital assets amounted to \$94,473,600, \$96,109,953, and \$94,743,188 (net of accumulated depreciation), respectively. This investment in capital assets includes land, transmission and distribution systems, buildings, equipment, vehicles and construction-in-process, etc. (See Note 3 for further information)

Debt Administration

Long-term debt balances were as follows:

Description	June 30, 2019	June 30, 2018	June 30, 2017
Loans payable	\$ 38,118,462	\$ 35,808,985	\$ 37,548,623
Total long-term debt	<u>\$ 38,118,462</u>	<u>\$ 35,808,985</u>	<u>\$ 37,548,623</u>

See Note 5 for further information on the long-term debt administration.

Conditions Affecting Current Financial Position

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

Requests for Information

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact El Toro Water District at 24251 Los Alisos Boulevard, Lake Forest, California.

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BASIC FINANCIAL STATEMENTS

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El Toro Water District
Statements of Net Position
June 30, 2019 and 2018

ASSETS	2019	2018
Current assets:		
Cash and cash equivalents (Note 2)	\$ 8,571,750	\$ 3,380,895
Investments (Note 2)	9,316,213	9,019,914
Accrued interest receivable	89,721	64,229
Accounts receivable – water sales and sewer services	3,092,800	3,125,385
Accounts receivable – grants	146,157	84,542
Accounts receivable – other	7,609	2,501
Property taxes receivable	9,297	8,413
Materials and supplies inventory	625,472	659,179
Prepaid items	102,968	205,008
Total current assets	21,961,987	16,550,066
Non-current assets:		
Restricted – cash and cash equivalents (Note 2)	2,076,518	1,648,811
Capital assets – not being depreciated (Note 3)	14,290,118	12,888,375
Capital assets, net – being depreciated (Note 3)	80,183,482	83,221,578
Total non-current assets	96,550,118	97,758,764
Total assets	118,512,105	114,308,830
DEFERRED OUTFLOWS OF RESOURCES		
OPEB related deferred outflows of resources	3,337,168	237,713
Total deferred outflows of resources	3,337,168	237,713
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	1,975,697	2,679,399
Accrued salaries and related payables	246,798	237,515
Customer deposits and unearned revenue	54,541	56,283
Accrued interest payable	280,268	295,535
Long-term liabilities – due within one year:		
Compensated absences (Note 4)	327,800	440,556
Loans payable (Note 5)	2,173,133	1,782,485
Total current liabilities	5,058,237	5,491,773
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 4)	1,088,189	878,063
Net other post-employment benefits liability (Note 7)	15,204,470	11,191,763
Loans payable (Note 5)	35,945,329	34,026,500
Total non-current liabilities	52,237,988	46,096,326
Total liabilities	57,296,225	51,588,099
NET POSITION		
Net investment in capital assets (Note 8)	56,355,138	60,300,968
Restricted – capital projects	64,514	45,853
Restricted – debt service	2,012,004	1,602,958
Unrestricted	6,121,392	1,008,665
Total net position	\$ 64,553,048	\$ 62,958,444

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El Toro Water District
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2019 and 2018

	2019	2018
OPERATING REVENUES:		
Water consumption sales	\$ 8,474,791	\$ 9,459,453
Water service charges	4,623,068	4,325,454
Sewer service charges	10,955,238	11,085,710
Standby charges	247	418
Reimbursements from others	383,810	403,445
Other charges for services	226,303	170,781
Total operating revenues	24,663,457	25,445,261
OPERATING EXPENSES:		
Source of supply	7,650,468	8,294,019
Pumping	1,480,556	1,491,273
Treatment	3,744,102	3,567,648
Transmission and distribution	4,561,123	5,035,094
Customer service	720,714	686,217
General and administrative	4,305,441	3,434,736
Depreciation expense	4,466,431	4,350,053
Total operating expenses	26,928,835	26,859,040
OPERATING (LOSS)	(2,265,378)	(1,413,779)
NON-OPERATING REVENUES (EXPENSES):		
Property taxes	1,012,576	927,672
Rental revenue	204,160	188,183
Investment earnings	500,786	124,001
Interest expense	(753,794)	(790,753)
Other non-operating revenue	910,351	59,653
Total non-operating revenues, net	1,874,079	508,756
Net (loss) before capital contributions	(391,299)	(905,023)
Capital contributions:		
Capital grants	1,985,903	45,853
Total capital contributions	1,985,903	45,853
Change in net position	1,594,604	(859,170)
Net position:		
Beginning of year, as restated (Note 11)	62,958,444	63,817,614
End of year	\$ 64,553,048	\$ 62,958,444

El Toro Water District
Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from customers for water sales and services	\$ 25,599,543	\$ 25,308,470
Cash paid to employees for salaries and wages	(8,253,510)	(7,974,791)
Cash paid to vendors and suppliers for materials and services	(13,994,658)	(13,640,499)
Net cash provided by operating activities	3,351,375	3,693,180
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Proceeds from property taxes	1,011,692	928,668
Net cash provided by non-capital financing activities	1,011,692	928,668
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(2,830,078)	(5,716,818)
Capital contributions – Grants	1,924,288	8,291
Principal paid	(1,776,305)	(1,739,638)
Interest paid	(769,061)	(805,729)
Issuance of loans payable	4,085,782	-
Net cash (used in) capital and related financing activities	634,626	(8,253,894)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from investment earnings	475,295	115,434
Proceeds from rental income	204,160	188,183
Net cash provided by investing activities	679,455	303,617
Net (decrease) in cash and cash equivalents	5,677,148	(3,328,429)
CASH AND CASH EQUIVALENTS:		
Beginning of year	14,049,620	17,378,049
End of year	\$ 19,726,768	\$ 14,049,620
CASH AND CASH EQUIVALENTS:		
Cash and investments	\$ 17,887,963	\$ 12,400,809
Restricted – cash and cash equivalents	2,076,518	1,648,811
Total cash and investments	\$ 19,964,481	\$ 14,049,620

See accompanying Notes to the Basic Financial Statements.

El Toro Water District
Statements of Cash Flows (Continued)
For the Years Ended June 30, 2019 and 2018

	2019	2018
RECONCILIATION OF NET OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net (Loss)	\$ (2,265,378)	\$ (1,413,779)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation expense	4,466,431	4,350,053
Other non-operating revenue	910,351	59,653
Changes in operating assets and liabilities		
Accounts receivable – water sales and sewer services	32,585	(199,726)
Accounts receivable – other	(5,108)	209
Materials and supplies inventory	33,706	(96,729)
Prepaid items	102,040	(6,123)
OPEB related deferred outflows of resources	(3,337,168)	(237,713)
Accounts payable and accrued expenses	(703,702)	808,172
Accrued salaries and related payables	9,283	(8,678)
Customer deposits and unearned revenue	(1,742)	3,073
Compensated absences	97,370	(5,788)
Other postemployment benefits liability	4,012,707	440,556
Net cash provided by operating activities	\$ 3,351,375	\$ 3,693,180

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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El Toro Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2019 and 2018

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

Organization and Operations of the Reporting Entity

El Toro Water District (District) was organized in September 1960, under provisions of the County Water District Act (Sections 34000 et. seq. of the Water Code of the State of California). The District is governed by a Board of Directors made up of five members elected by the qualified voters in the District. The purpose of the District is to finance, construct, operate and maintain a water and wastewater system to serve properties within the District's boundaries.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of U.S. GAAP. The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable for a component that has substantively the same governing body as the District's governing body, and additionally (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility for the activities of the component unit.

The El Toro Water District Public Facilities Corporation (Corporation) was organized on May 21, 1993 pursuant to the Non-Profit Public Benefit Corporation Law of the State of California (Title 1, Division 2, Part 2 of the California Corporation Code), solely for the purpose of providing financial assistance to the District. The Corporation, an entity legally separate from the District, is governed by substantially all the board members of the District. The Corporation is inactive at this time.

Basis of Presentation

Financial statement presentation follows the recommendations promulgated by the Governmental Accounting Standards Board (GASB) commonly referred to as accounting principles generally accepted in the United States of America (U.S. GAAP). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Financial Statements (i.e., statement of net position, the statement of revenues, expenses and changes in net position, and statement of cash flows) report information on all of the activities of the primary government. The District accounts for its operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services on a continuing basis be financed or recovered primarily through member assessments and charges for services; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Financial Statements are reported using the “*economic resources*” measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2019 and 2018

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities they also include disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

Investments

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

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

Restricted Assets

Amounts shown as restricted assets have been restricted by either debt indenture, by law, or contractual obligations to be used for specified purposes, such as servicing debt and/or construction of capital assets.

Accounts Receivable

The District extends credit to customers in the normal course of operations. Management deems all accounts receivable as collectible at year-end. Accordingly, an allowance for doubtful accounts has not been provided in the accompanying basic financial statements.

Prepaid Items

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

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2019 and 2018

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Materials and Supplies Inventory

Materials and supplies inventory consist of expendable supplies and are valued at the lower of cost or market using first-in first-out basis.

Property Taxes

The Orange County Assessor’s Office assesses all real and personal property within the County each year. The Orange County Tax Collector’s Offices bills and collects the District’s share of property taxes. The Orange County Auditor-Controller’s Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations. Property taxes receivable at year-end are related to property taxes collected by the Orange County which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien date	January 1
Levy date	July 1
Due dates	November 10 and February 10
Collection dates	December 11 and April 11

Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at acquisition cost at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

	<u>Estimated Useful Life</u>
Building	25 to 40 years
Vehicles	5 to 25 years
Office furniture and equipment	5 to 10 years
Computer software	5 to 10 years
Land improvements	20 to 50 years
Water Facilities:	
Reservoir	100 years
Transmission and distribution	20 to 60 years
Filtration plant	30 to 40 years
Other plant and equipment	5 to 15 years
Sanitation Facilities:	
Collection and transmission	15 to 50 years
Treatment and disposal plant	15 to 30 years
Other plant and equipment	5 to 15 years

Construction-in-Process

The cost of acquisition and construction of major plant and equipment is recorded as construction in process (CIP). As facilities are constructed by the District and become operative, they are transferred from CIP to the plant and equipment accounts, or are expensed if determined that the cost does not meet the requirements of the capitalization policy.

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2019 and 2018

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Compensated Absences

The District’s policy is to permit employees hired prior to July 1, 1997 to accumulate earned vacation up to a total of 160 hours and employees hired after July 1, 1997 to accumulate earned vacation up to a total of 240 hours, with amounts exceeding the limit being paid out as part of the employee’s current regular compensation.

The District’s sick leave policy is to permit employees to accumulate sick leave up to a total of 960 hours. At the end of each calendar year, any amounts exceeding the limit will be transferred to vacation time for employees hired prior to July 1, 1997 and paid out 50% to those hired after July 1, 1997 at the employee’s current regular compensation rate. A factor of 5% times the number of complete years of employment will be applied to the hours accumulated over 960 hours to determine the number of hours to be transferred or paid out.

Other Postemployment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District’s Retiree Benefits Plan (“OPEB Plan”) and additions to/deductions from OPEB Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the OPEB 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, which are reported at amortized cost.

The following timeframes are used for OPEB reporting:

For the Year Ended	June 30, 2019	June 30, 2018
Valuation Date	June 30, 2018	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2017
Measurement Period	July 1, 2017 to June 30, 2018	July 1, 2016 to June 30, 2017

Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt against the acquisition, construction or improvement of those assets.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of the net amount of assets that are not included in the determination of *restricted* or *net investment in capital assets*.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

Water Sales and Sewer Services

Water sales and sewer services are billed on a monthly cyclical basis and recognize the respective revenues when they are earned.

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2019 and 2018

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies or real estate developers desiring services that require capital expenditures or capacity commitment.

Implementation of new GASB pronouncements

GASB Statement No. 83, *Certain Asset Retirement Obligations (GASB 83)*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements (GASB 88)*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. See Note 5 for District's long-term debt disclosures.

Note 2 – Cash and Investments

At June 30, 2019 and 2018, cash and investments were classified in the accompanying financial statements as follows:

	June 30, 2019	June 30, 2018
Cash and cash equivalents	\$ 8,571,750	\$ 3,380,895
Investments	9,316,213	9,019,914
Restricted – cash and cash equivalents	2,076,518	1,648,811
Total	\$ 19,964,481	\$ 14,049,620

At June 30, 2019 and 2018, cash and investments consisted of the following:

	June 30, 2019	June 30, 2018
Cash on hand	\$ 700	\$ 700
Demand deposits held with financial institutions	1,793,933	554,365
Investments	18,169,848	13,494,555
Total	\$ 19,964,481	\$ 14,049,620

Demand Deposits

At June 30, 2019 and 2018, the carrying amount of the District's demand deposits was \$1,793,933 and \$554,365, respectively, and the financial institution balance was \$1,979,398 and \$631,584, respectively. The \$185,465 and \$77,219 net difference as of June 30, 2019 and 2018 represents outstanding checks, deposits-in-transit and/or other reconciling items.

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2019 and 2018

Note 2 – Cash and Investments (Continued)

Demand Deposits (Continued)

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC.

The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.

Investments

As of June 30, 2019, and 2018, investments are reported at fair value. The following table presents the fair value measurement of investments on a recurring basis and the levels within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2019 and 2018.

The District's investments as of June 30, 2019 were as follows:

Type of Investments	Measurement Input	Credit Rating Moody's	June 30, 2019 Fair Value	Maturity		
				12 Months or Less	13 to 24 Months	25 to 60 Months
U.S. treasury obligations	Level 2	Aaa	\$ 1,551,510	\$ -	\$ 861,450	\$ 690,061
Government sponsored entities securities	Level 2	Aaa-Aa3	1,809,335	1,047,037	713,295	49,003
Corporate medium-term notes	Level 2	Aaa-A3	2,352,258	1,522,892	739,475	89,891
Negotiable certificates of deposit	Level 2	Aa2-P-1	957,543	571,174	386,369	-
Asset-backed securities	Level 2	Aaa	942,984	-	38,993	903,991
Local Agency Investment Fund (LAIF)	Uncategorized	N/A	8,853,635	8,853,635	-	-
California Asset Management Program (CAMP) Pool	Level 2	N/A	1,702,582	1,702,582	-	-
Total investments			\$ 18,169,848	\$ 13,697,320	\$ 2,739,582	\$ 1,732,946

The District's investments as of June 30, 2018 were as follows:

Type of Investments	Measurement Input	Credit Rating Moody's	June 30, 2018 Fair Value	Maturity		
				12 Months or Less	13 to 24 Months	25 to 60 Months
U.S. treasury obligations	Level 2	Aaa	\$ 1,519,520	\$ -	\$ -	\$ 1,519,520
Government sponsored entities securities	Level 2	Aaa-Aa3	1,847,455	-	1,081,689	765,766
Corporate medium-term notes	Level 2	Aaa-Baa1	2,467,520	149,424	1,504,395	813,701
Commercial paper	Level 2	P-1	149,000	149,000	-	-
Negotiable certificates of deposit	Level 2	Aa2-P-1	1,755,412	807,377	567,524	380,511
Asset-backed securities	Level 2	Aaa-NR	1,267,792	-	1,507	1,266,285
Local Agency Investment Fund (LAIF)	Uncategorized	N/A	4,474,641	4,474,641	-	-
California Asset Management Program (CAMP) Pool	Level 2	N/A	13,215	13,215	-	-
Total investments			\$ 13,494,555	\$ 5,593,658	\$ 3,155,115	\$ 4,745,782

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2019 and 2018

Note 2 – Cash and Investments (Continued)

Investments (Continued)

The District's level 2 investments are valued based on institutional bond quotes or matrix pricing.

Authorized Deposits and Investments

The table below identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
State on local agency bonds	5-years	None	None
U.S. treasury obligations	5-years	None	None
Government sponsored agency securities	5-years	None	None
Banker's acceptances	270 days	30%	30%
Corporate medium-term notes	5-years	30%	None
Commercial paper	180 days	30%	10%
Negotiable certificates of deposit	5-years	30%	None
Mortgage pass-through securities	5-years	20%	None
Money market mutual funds	5-years	20%	20%
Collateralized bank deposits	None	None	None
California Local Agency Investment Fund (LAIF)	None	\$50 million	None
California Asset Management Program (CAMP)	None	50%	None

Investment in California – Local Agency Investment Fund (LAIF)

The District is a voluntary participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the entity'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. Further information about LAIF is available on the California State Controller's website: www.treasurer.ca.gov/pmia-laif/

The District's investments with LAIF at June 30, 2019 and 2018 included a portion of the pool funds invested in structured notes and asset-backed securities:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2019 and 2018

Note 2 – Cash and Investments (Continued)

Investment in California – Local Agency Investment Fund (LAIF) (Continued)

The District had \$8,853,635 and \$4,474,641 invested in LAIF, which had invested 1.77% and 2.67% of the pooled investment funds as of June 30, 2019 and 2018, in structured notes and medium-term asset-backed securities. The LAIF fair value factor of 1.00171179 and 0.998126869 was used to calculate the fair value of the investments in LAIF as of June 30, 2019 and 2018, respectively.

Investment in California Asset Management Program (CAMP)

The California Asset Management Program (CAMP) is a public joint powers authority which provides California Public Agencies with investment management services for surplus funds and comprehensive investment management, accounting and arbitrage rebate calculation services for proceeds of tax-exempt financings. The CAMP currently offers the Cash Reserve Portfolio, a short-term investment portfolio, as a means for Public Agencies to invest these funds. Public Agencies that invest in the Pool (Participants) purchase shares of beneficial interest. Participants may also establish individual, professionally managed investment accounts (Individual Portfolios) by separate agreement with the Investment Advisor.

The District has a separate account with the Investment Advisor to manage the District's CAMP portfolio which consists of \$1,702,582 and \$13,215 at June 30, 2019 and 2018, respectively.

Fair Value Measurement Input

The District categorizes its fair value measurement inputs within the fair value hierarchy established by generally accepted accounting principles. The District has presented its measurement inputs as noted in the table above.

Custodial Credit Risk

The 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 deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's investment policy requires that collateral be held by an independent third party with whom the District has a current custodial agreement.

The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's investment policy requires that all security transactions are conducted on a delivery-versus-payment (DVP) method and that all securities are held by a qualified, third-party custodian, as evidenced by safekeeping receipts. The trust department of the District's bank may act as third-party custodian, provided that the custodian agreement is separate from the banking agreement. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a credit rating by a nationally recognized statistical rating organization. The District has utilized Moody's for its investment credit ratings. As of June 30, 2019 and 2018, the District has presented its investment security credit rating ranges as noted in the table above.

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2019 and 2018

Note 2 – Cash and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The District has elected to use the segmented time distribution method of disclosure for the maturities of its investments as related to interest rate risk as noted in the table above.

Concentration of Credit Risk

The District's investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. There were no investments in any one governmental or non-governmental issuer that represented 5% or more of the District's total investments except for those in LAIF and CAMP.

Note 3 – Capital Assets

Major capital assets additions during the year include upgrades and extensions of the District's water and wastewater pumping, water transmission and distribution systems and plant facilities in the following schedules:

Summary of changes in capital assets for the year ended June 30, 2019 were as follows:

Description	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Non-depreciable assets:				
Land	\$ 7,451,586	\$ -	\$ -	\$ 7,451,586
Construction-in-process	5,436,789	1,401,743	-	6,838,532
Total non-depreciable assets	12,888,375	1,401,743	-	14,290,118
Depreciable assets:				
Capacity rights	342,382	-	-	342,382
Sources of supply	19,968,006	-	-	19,968,006
Pumping	21,767,754	198,433	-	21,966,187
Treatment	39,122,399	728,232	-	39,850,631
Transmission and collection	59,051,266	63,860	-	59,115,126
General plant facilities	13,990,303	437,810	(138,514)	14,289,599
Total depreciable assets	154,242,110	1,428,335	(138,514)	155,531,931
Accumulated depreciation:				
Capacity rights	(232,849)	(6,846)	-	(239,695)
Sources of supply	(10,777,622)	(370,619)	-	(11,148,241)
Pumping	(11,447,001)	(960,660)	-	(12,407,661)
Treatment	(25,896,727)	(1,345,327)	-	(27,242,054)
Transmission and collection	(11,589,280)	(1,214,703)	-	(12,803,983)
General plant facilities	(11,077,053)	(568,276)	138,514	(11,506,815)
Total accumulated depreciation	(71,020,532)	(4,466,431)	138,514	(75,348,449)
Total depreciable assets, net	83,221,578	(3,038,096)	-	80,183,482
Total capital assets, net	\$ 96,109,953	\$ (1,636,353)	\$ -	\$ 94,473,600

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2019 and 2018

Note 3 – Capital Assets (Continued)

Summary of changes in capital assets for the year ended June 30, 2018 were as follows:

Description	Balance July 1, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Non-depreciable assets:					
Land	\$ 7,451,586	\$ -	\$ -	\$ -	\$ 7,451,586
Construction-in-process	1,841,773	4,518,303	-	(923,287)	5,436,789
Total non-depreciable assets	9,293,359	4,518,303	-	(923,287)	12,888,375
Depreciable assets:					
Capacity rights	342,382	-	-	-	342,382
Sources of supply	19,968,006	-	-	-	19,968,006
Pumping	21,633,019	134,735	-	-	21,767,754
Treatment	38,512,495	391,194	-	218,710	39,122,399
Transmission and collection	58,879,960	167,046	-	4,260	59,051,266
General plant facilities	12,896,409	505,540	(111,963)	700,317	13,990,303
Total depreciable assets	152,232,271	1,198,515	(111,963)	923,287	154,242,110
Accumulated depreciation:					
Capacity rights	(226,003)	(6,846)	-	-	(232,849)
Sources of supply	(10,406,642)	(370,980)	-	-	(10,777,622)
Pumping	(10,528,787)	(918,214)	-	-	(11,447,001)
Treatment	(24,542,264)	(1,354,463)	-	-	(25,896,727)
Transmission and collection	(10,373,397)	(1,215,883)	-	-	(11,589,280)
General plant facilities	(10,705,349)	(483,667)	111,963	-	(11,077,053)
Total accumulated depreciation	(66,782,442)	(4,350,053)	111,963	-	(71,020,532)
Total depreciable assets, net	85,449,829	(3,151,538)	-	923,287	83,221,578
Total capital assets, net	\$ 94,743,188	\$ 1,366,765	\$ -	\$ -	\$ 96,109,953

Construction-In-Process

The District is involved in various construction projects throughout the year. Once completed, those projects are capitalized and depreciated over the life of the asset. The balance of construction-in-process was \$6,838,532 and \$5,436,789 as of June 30, 2019 and 2018, respectively.

Construction-in-process consisted of the following projects as of June 30, 2019 and 2018:

Project Description	June 30, 2019	June 30, 2018
Oso Lift Station Improvement	\$ 264,767	\$ 192,360
R-6 Sodium Hypochlorite Tanks Replacement	225,457	-
Recycled water distribution system expansion	6,176,786	5,196,865
Various other minor projects <\$100,000	171,522	47,564
Total construction-in-progress	\$ 6,838,532	\$ 5,436,789

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2019 and 2018

Note 4 – Compensated Absences

Summary of changes to compensated absences for the year ended June 30, 2019 were as follows:

Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Current Portion	Non-current Portion
\$ 1,318,619	\$ 564,250	\$ (466,880)	\$ 1,415,989	\$ 327,800	\$ 1,088,189

Summary of changes to compensated absences for the year ended June 30, 2018 were as follows:

Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Current Portion	Non-current Portion
\$ 1,324,406	\$ 447,443	\$ (453,230)	\$ 1,318,619	\$ 440,556	\$ 878,063

Note 5 – Long-Term Debt

Summary of changes to long-term debt for the year ended June 30, 2019 were as follows:

Description	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Amount Due Within One Year	Amount Due In More Than One Year
Loans payable:						
Main extension contract	\$ 6,180	\$ -	\$ -	\$ 6,180	\$ 6,180	\$ -
SRF Loan – 2010	2,976,572	-	(177,778)	2,798,794	182,578	2,616,216
SRF Loan – 2013	23,494,294	-	(1,203,555)	22,290,739	1,224,015	21,066,724
Baker water treatment plant – refinance loan	9,331,939	-	(394,972)	8,936,967	407,217	8,529,750
SRF Loan – 2018	-	4,085,782	-	4,085,782	353,143	3,732,639
Total loans payable	<u>\$ 35,808,985</u>	<u>\$ 4,085,782</u>	<u>\$ (1,776,305)</u>	<u>\$ 38,118,462</u>	<u>\$ 2,173,133</u>	<u>\$ 35,945,329</u>

Summary of changes to long-term debt for the year ended June 30, 2018 were as follows:

Description	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Amount Due Within One Year	Amount Due In More Than One Year
Loans payable:						
Main extension contract	\$ 6,180	\$ -	\$ -	\$ 6,180	\$ 6,180	\$ -
SRF Loan – 2010	3,149,677	-	(173,105)	2,976,572	177,778	2,798,794
SRF Loan – 2013	24,677,731	-	(1,183,437)	23,494,294	1,203,555	22,290,739
Baker water treatment plant – refinance loan	9,715,035	-	(383,096)	9,331,939	394,972	8,936,967
Total loans payable	<u>\$ 37,548,623</u>	<u>\$ -</u>	<u>\$ (1,739,638)</u>	<u>\$ 35,808,985</u>	<u>\$ 1,782,485</u>	<u>\$ 34,026,500</u>

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2019 and 2018

Note 5 – Long-Term Debt (Continued)

Main Extension Contracts

The Main Extension Contracts are payable to the developers without interest. The payments are based on a percentage of revenue received from units served by the water main. The contracts must be repaid in not more than 25 years, but may be paid off in advance at the option of the District. The outstanding balance at June 30, 2019 and 2018 was \$6,180, respectively.

State Revolving Fund Loan 2010 – Northline Lift Station Improvement Project

In October 2010, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for a State Revolving Fund Loan (SRF Loan) in an amount of \$3,918,590 for the Northline Lift Station Improvement project. The loan carries an interest rate of 2.70% per annum. The loan is scheduled to mature in 2032. Principal and interest are payable annually at the interest rate of 2.70%.

Future annual debt service requirements on the loan are as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ 182,578	\$ 75,568	\$ 258,146
2021	187,508	70,638	258,146
2022	192,571	65,575	258,146
2023	197,770	60,376	258,146
2024	203,110	55,036	258,146
2025-2029	1,100,831	189,899	1,290,730
2030-2032	734,426	40,012	774,438
Total	<u>\$ 2,798,794</u>	<u>\$ 557,104</u>	<u>\$ 3,355,898</u>

State Revolving Fund Loan 2013 – Recycled Water Treatment Plan Project

In February 2013, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for a State Revolving Fund Loan (SRF Loan) in an amount of \$28,002,378 with an interest rate of 1.70% per annum for the Recycled Water Treatment Plan project. The loan is scheduled to mature in 2035. Principal and interest are payable annually at the interest rate of 1.70%.

Future annual debt service requirements on the loan are as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ 1,224,015	\$ 378,943	\$ 1,602,958
2021	1,244,824	358,134	1,602,958
2022	1,265,986	336,972	1,602,958
2023	1,287,507	315,451	1,602,958
2024	1,309,395	293,563	1,602,958
2025-2029	6,888,537	1,126,253	8,014,790
2030-2034	7,494,312	520,478	8,014,790
2035	1,576,163	28,405	1,604,568
Total	<u>\$ 22,290,739</u>	<u>\$ 3,358,199</u>	<u>\$ 25,648,938</u>

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2019 and 2018

Note 5 – Long-Term Debt (Continued)

Baker Water Treatment Plant Agreement and Refinance Loan

In December 2013, the District entered into the Baker Water Treatment Plant Agreement, along with five other public entities relating to the Baker treatment plant. In January 2014, the District entered into an installment sale agreement with the Irvine Ranch Water District (IRWD) for the purchase of the District's portion of rights, title and interest to the capacity, not-to-exceed the amount of \$12,500,000. As of June 30, 2018, construction costs used for the project were \$8,936,967 and also accrued as a long-term debt liability on the financial statements.

In 2017, the District refinanced IRWD's installment sale agreement with a loan from Texas Capital Bank for \$9,715,035 with an interest rate of 3.10%. The loan is scheduled to mature in 2036. Principal and interest are payable annually at the interest rate of 3.10%.

Future annual debt service requirements on the loan are as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ 407,217	\$ 277,046	\$ 684,263
2021	419,840	264,422	684,262
2022	432,855	251,407	684,262
2023	446,274	237,989	684,263
2024	460,108	224,154	684,262
2025-2029	2,523,544	897,770	3,421,314
2030-2034	2,939,708	481,605	3,421,313
2035-2036	1,307,421	61,104	1,368,525
Total	<u>\$ 8,936,967</u>	<u>\$ 2,695,497</u>	<u>\$ 11,632,464</u>

State Revolving Fund Loan 2018 – Phase II Recycled Water Distribution System Expansion Project

In December 2018, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for a State Revolving Fund Loan (SRF Loan) in an amount of \$4,085,782 with an interest rate of 1.70% per annum for the Phase II Recycled Water Distribution System Expansion project. The loan is scheduled to mature in 2030. Principal and interest are payable annually at the interest rate of 1.70%.

Future annual debt service requirements on the loan are as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ 353,143	\$ 55,903	\$ 409,046
2021	345,591	63,455	409,046
2022	351,466	57,580	409,046
2023	357,441	51,605	409,046
2024	363,518	45,528	409,046
2025-2029	1,912,414	132,817	2,045,230
2030	402,209	6,838	409,046
Total	<u>\$ 4,085,782</u>	<u>\$ 413,725</u>	<u>\$ 4,499,507</u>

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2019 and 2018

Note 6 – Defined Contribution and Deferred Compensation Plans

The District contributes to the El Toro Water District Retirement Savings Plan and Trust (the Plan), which is qualified defined contribution pension plan under Section 401(a) and 401(k) of the Internal Revenue Code. The Plan is administered by the District. The District's Board of Directors has approved the funding of this benefit and may change the percentage as deemed necessary.

As of February 1, 2016, the District executed an amendment to the Plan authorizing the District (as Employer) to match an amount equal to 75% of each participant's contributions to either 401(k) or 457 Plans, but no more than 10% of their annual compensation. The District's contributions are limited to deposits toward the 401(k) plan only.

In addition, the District contributes an amount equal to 9% of compensation for a plan year, for all qualified participants regardless of whether they are employee on the last day of the plan year, and regardless of whether they made any salary deferrals to the plan. Employees are immediately vested in the employer contributions. District contributions were \$920,220 and \$909,909 as of June 30, 2019 and 2018, respectively.

The District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of the plan assets held in trust at June 30, 2019 and 2018 were \$21,419,567 and \$20,286,055, respectively.

In accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not presented in the accompanying financial statements in accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

Note 7 – Other Post-Employment Benefits

Plan Description

The District pays all or a portion of the cost of health insurance for retirees (including prescription drug benefits) under any group plan offered by the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA) Health Program, subject to certain restrictions as determined by the District. The District's plan is an agent multiple-employer plan.

Benefits

The District offers postemployment medical benefits to retired employees who satisfy the eligibility rules. Certain spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any medical plan available through the District's Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA) Health Program, a cost-sharing multiple-employer medical coverage plan. The contribution requirements of eligible retired employees and the District are established and may be amended by the Board of Directors.

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2019 and 2018

Note 7 – Other Post-Employment Benefits (Continued)

Employees Covered

At June 30, 2018 and 2017 valuation date, the following current and former employees were covered by the benefit terms:

	2018	2017
Active employees	61	59
Inactive employees or beneficiaries currently receiving benefits	22	19
Inactive employees entitled to, but not yet receiving benefits	-	-
Total	83	78

Contribution

The obligation of the District to contribute to the plan is established and may be amended by the Board of Directors. The contribution required to be made is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For the year ended June 30, 2019 and 2018, contributions were made totaling \$237,713 and \$228,570, respectively.

Actuarial Assumptions

The total OPEB liability, measured as of June 30, 2018, was determined using the following actuarial assumptions:

Actuarial Valuation Date	June 30, 2018	
Discount Rate	3.78% net of expenses at June 30, 2018	
Health Care Trend	4% per year	
Salaries increases	3% per year	
Inflation	2.75% per year	
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study (2%@55 rates for Tiers 1-3, modified rates for Tier 4)	
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2018	
Medical Trend		
Non-Medicare	7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076	
Medicare	6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076	
Healthcare Participation at Retirement		
Actives	95% Tiers 1-3, 90% Tier 4	
Retirees	100%	
Spouse Healthcare Participation at Retirement		
Spouse currently covered	100% Tiers 1-3, 50% Tier 4,	
Spouse not currently covered	0%	
Medical Plan Election at Retirement	Same as currently elected	
Surviving Spouse Participation	100% if eligible	
Spouse Age		
Actives	Males 3 years older than females	
Retirees	Males 3 years older than females if spouse birth date not available	
PPACA Excise Tax	2% on cash benefit for PPACA High Cost Plan Excise Tax	
Medicare Eligibility	All participants assumed to be Medicare eligible and elect Medicare plans at age 65	
Tier 4 Retirement Rates	Based on 50% of the CalPERS 2%@ 55 rates before age 60 and 20 years of service	

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2019 and 2018

Note 7 – Other Post-Employment Benefits (Continued)

Actuarial Assumptions (Continued)

The total OPEB liability, measured as of June 30, 2017, was determined using the following actuarial assumptions:

Actuarial Valuation Date	June 30, 2017										
Discount Rate	3.8% net of expenses at June 30, 2017										
Health Care Trend	4% per year										
Salaries increases	2.75% per year										
Inflation	2.75% per year										
Mortality Rate	2014 CalPERS Active Mortality for Miscellaneous Employees										
Retirement Rate	2009 CalPERS 2.0% @ 60 Rates for Miscellaneous Employees										
Services Requirement											
	Hired before 6/1/2018	100% at 10 Years of Services									
	Hired on or after 6/1/2018	100% at 20 Years of Services									
Costs for Retiree Coverage	Future Retiree										
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 25%; text-align: center;">Pre-65</th> <th style="width: 25%; text-align: center;">Post-65</th> </tr> </thead> <tbody> <tr> <td>Hired on or after 6/1/2018</td> <td style="text-align: right;">\$ 11,262</td> <td style="text-align: right;">\$ 5,621</td> </tr> <tr> <td>Hired before 6/1/2018</td> <td style="text-align: right;">\$ 2,053</td> <td style="text-align: right;">\$ 9,675</td> </tr> </tbody> </table>		Pre-65	Post-65	Hired on or after 6/1/2018	\$ 11,262	\$ 5,621	Hired before 6/1/2018	\$ 2,053	\$ 9,675
	Pre-65	Post-65									
Hired on or after 6/1/2018	\$ 11,262	\$ 5,621									
Hired before 6/1/2018	\$ 2,053	\$ 9,675									
Participation Rates											
	<65 Non-Medicare Participation %	95%									
	65+ Medicare Particiaption %	95%									
Turnover	2009 CalPERS Turnover for Miscellaneous Employees										
Spouse Prevalence	80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.										

Discount Rate

The discount rate used to measure the 2018 and 2017 total OPEB liability was 3.87% percent and 3.8% percent, respectively. This discount rate is the Bond Buyer 20-Bond GO index.

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

The following presents the total OPEB liability of the District, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2018:

Plan's Total OPEB Liability		
Discount Rate -1%	Current Discount Rate	Discount Rate +1%
(2.87%)	(3.87%)	(4.87%)
\$ 17,832,722	\$ 15,204,470	\$ 13,106,214

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2019 and 2018

Note 7 – Other Post-Employment Benefits (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate (Continued)

The following presents the total OPEB liability of the District, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2017:

Plan's Total OPEB Liability		
Discount Rate -1%	Current Discount Rate	Discount Rate +1%
(2.80%)	(3.80%)	(4.80%)
\$ 13,073,145	\$ 11,191,763	\$ 9,680,102

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates, for the measurement period ended June 30, 2018:

Plan's Total OPEB Liability		
Healthcare Cost		
-1%	Tread Rate	+1%
\$ 12,909,716	\$ 15,204,470	\$ 18,116,839

The following presents the total OPEB liability of the District, as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates, for the measurement period ended June 30, 2017:

Plan's Total OPEB Liability		
Healthcare Cost		
-1%	Tread Rate	+1%
\$ 9,709,495	\$ 11,191,763	\$ 12,962,612

Change in Total OPEB Liability

Summary of change in total OPEB liability for the measurement date June 30, 2018 were as follows:

Balance at Measurement Date June 30, 2017	\$ 11,191,763
Changes Recognized for the Measurement Period:	
Service Cost	267,270
Interest on the total OPEB liability	430,926
Changes in benefit terms	-
Difference between expected and actual experience	987,411
Changes in assumptions	2,564,813
Contribution from the employer	-
Net investment income	-
Administrative expenses	-
Benefit payments	(237,713)
Net changes during July 1, 2017 to June 30, 2018	4,012,707
Balance at Measurement Date June 30, 2018	\$ 15,204,470

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2019 and 2018

Note 7 – Other Post-Employment Benefits (Continued)

Change in Total OPEB Liability (Continued)

Summary of change in total OPEB liability for the measurement date June 30, 2017 were as follows:

Balance at Measurement Date June 30, 2016	\$	10,751,207
Changes Recognized for the Measurement Period:		
Service Cost		260,117
Interest on the total OPEB liability		409,009
Changes in benefit terms		-
Difference between expected and actual experience		-
Changes in assumptions		-
Contribution from the employer		-
Net investment income		-
Administrative expenses		-
Benefit payments		(228,570)
Net changes during July 1, 2017 to June 30, 2018		<u>440,556</u>
Balance at Measurement Date June 30, 2018	\$	<u>11,191,763</u>

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2019, OPEB expense in the amount of \$913,252 is included in the accompanying statement of activities. For the year ended June 30, 2019, the District reported deferred outflows or inflows of resources related to OPEB due to initial valuation of OPEB under GASB Statement No. 75 as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions made after measurement date	\$ 292,405	\$ -
Differences between expected and actual experience	846,352	-
Changes in assumptions	2,198,411	-
Net difference between projected and actual earnings on pension plan investments	-	-
	<u>\$ 3,337,168</u>	<u>\$ -</u>

For the year ended June 30, 2018, OPEB expense in the amount of \$202,843 is included in the accompanying statement of activities. For the year ended June 30, 2018, the District reported deferred outflows or inflows of resources related to OPEB due to initial valuation of OPEB under GASB Statement No. 75 as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions made after measurement date	\$ 237,713	\$ -
Differences between expected and actual experience	-	-
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
	<u>\$ 237,713</u>	<u>\$ -</u>

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2019 and 2018

Note 7 – Other Post-Employment Benefits (Continued)

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

The \$292,405 reported as deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date during the year ended June 30, 2019 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020.

Deferred outflows of resources related to differences between expected and actual experience will be recognized in future OPEB expenses as follows:

Year Ending June 30	Amount
2020	\$ 141,059
2021	141,059
2022	141,059
2023	141,059
2024	141,059
Thereafter	141,057
Total	<u>\$ 846,352</u>

Deferred outflows of resources related to changes in assumptions will be recognized in future OPEB expenses as follows:

Year Ending June 30	Amount
2020	\$ 366,402
2021	366,402
2022	366,402
2023	366,402
2024	366,402
Thereafter	366,401
Total	<u>\$ 2,198,411</u>

The \$237,713 reported as deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date during the year ended June 30, 2018 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019.

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2019 and 2018

Note 8 – Net Position

Net investment in capital assets at June 30, 2019 and 2018 consisted of the following:

Description	June 30, 2019	June 30, 2018
Net investment in capital assets:		
Capital assets – not being depreciated	\$ 14,290,118	12,888,375
Capital assets, net – being depreciated	80,183,482	83,221,578
Loans payable – current	(2,173,134)	(1,782,485)
Loans payable – non-current	(35,945,328)	(34,026,500)
Total net investment in capital assets	<u>\$ 56,355,138</u>	<u>\$ 60,300,968</u>

Note 9 – Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2019, the District participated in the liability and property programs of the ACWA/JPIA as follows:

- General and auto liability, public officials and employees’ errors and omissions: Total risk financing self-insurance limits of \$2,000,000, combined single limit at \$2,000,000 per occurrence. The JPIA purchases additional excess coverage layers: \$60 million per occurrence for general, auto and public officials’ liability, which increases the limits on the insurance coverage noted above.

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

- Employee dishonesty coverage up to \$1,500,000 with a \$5,000 deductible per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverage.
- Property loss coverage is up to \$100,000,000 with a \$1,000 deductible; the ACWA/JPIA is self-insured up to \$50,000 and excess insurance has been purchased.
- Underground Storage Tank Pollution Liability, the District is insured up to \$1,000,000 with a \$10,000 deductible; the Authority is self-insured up to \$500,000 and excess insurance coverage has been purchased to cover losses ranging from \$500,000 to \$1,000,000.
- Dam failure liability coverage up to \$20.0 million per occurrence; the ACWA/JPIA is self-insured up to \$50,000 and excess insurance coverage has been purchased.
- Workers’ compensation insurance up to California statutory limits for all work-related injuries/illnesses covered by California law. The ACWA/JPIA is self-insured up to \$2.0 million and excess insurance coverage has been purchased.

Settled claims have not exceeded any of the coverage amounts and there were no reductions in the District’s insurance coverage during the year ending June 30, 2019. Liabilities are recorded when it is probable that a loss has been incurred, and the amount of the loss can be reasonably estimated net of the respective insurance coverage.

Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2019 and 2018.

El Toro Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2019 and 2018

Note 10 – Commitments and Contingencies

Construction Contracts

The District has a variety of agreements with private parties relating to the installation, improvement or modification of water and wastewater facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from the District's replacement reserves and capital contributions.

Litigation

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

Note 11 – Prior Period Adjustments

The District recorded a prior period adjustment to adjust the deferred outflows of resources related to OPEB in the amount of \$237,713. Accordingly, the net position as of July 1, 2018 was restated as follows:

Net Position, as originally reported	\$ 62,720,731
Restatement:	
Deferred outflows of resources related to OPEB	(237,713)
Net Position, as restated	\$ 62,483,018

Due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recorded a prior period adjustment to retrospective report the beginning balance of the Total Other Postemployment Benefits Liability. Accordingly, the net position as of July 1, 2017 was restated as follows:

Net Position, as originally reported	\$ 68,957,021
Restatement:	
Due to implementation of GASB 75	(5,139,407)
Net Position, as restated	\$ 63,817,614

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REQUIRED SUPPLEMENTARY INFORMATION

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El Toro Water District
Required Supplementary Information
For the Years Ended June 30, 2019 and 2018

Note 1- Schedule of Changes in Total OPEB Liability and Related Ratio

Ten –Year Schedule

	2019	2018
For the Measurement Period:	2017-2018	2016-2017
Total OPEB Liability:		
Service Cost	\$ 267,270	\$ 260,117
Interest on the total OPEB liability	430,926	409,009
Changes in benefit terms	-	-
Difference between expected and actual experience	987,411	-
Changes in assumptions	2,564,813	-
Contribution from the employer	-	-
Benefit payments	(237,713)	(228,570)
Net changes in Total OPEB Liability	4,012,707	440,556
 Beginning of Year	 11,191,763	 10,751,207
End of Year	\$ 15,204,470	\$ 11,191,763
 Plan Fiduciary Net Position:		
Employer contribution	\$ 237,713	\$ 228,570
Employee contributions	-	-
Net investment income	-	-
Administrative expenses	-	-
Benefit payments	(237,713)	(228,570)
Other	-	-
Net changes in Fiduciary Net Position	-	-
 Beginning of Year	 -	 -
End of Year	\$ -	\$ -
 Net OPEB Liability	 \$ 15,204,470	 \$ 11,191,763
 Fiduciary Net Position as a % of Total OPEB Liability	 0.00%	 0.00%
 Covered Payroll	 \$ 5,709,337	 \$ 5,696,461
 Net OPEB Liability as a % of Payroll	 266.31%	 196.47%

GASB 75 was implemented in fiscal year 2018, therefore only two years of data is presented.

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STATISTICAL SECTION

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El Toro Water District
Index to the Statistical Section
For the Year Ended June 30, 2019 and 2018

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

Table of Contents

	<u>Page No.</u>
Financial Trends	61
These schedules contain information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	63
These schedules contain information to help the reader assess the District's most significant own-source revenue, water sales.	
Debt Capacity	70
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic Information	72
This schedule offers demographic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	75
This schedule contains service and infrastructure data to help the reader understand how the information in the District's financial report relates to the service the District provides.	

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El Toro Water District
Changes in Net Position and Net Position by Component
Last Ten Fiscal Years

	Fiscal Year				
	2010	2011	2012	2013	2014
Changes in net position:					
Operating revenues ^(see Schedule 2)	\$ 18,619,690	\$ 19,483,679	\$ 21,323,356	\$ 22,592,576	\$ 23,188,691
Operating expenses ^(see Schedule 3)	(20,476,460)	(21,120,634)	(22,010,956)	(22,785,966)	(24,484,521)
Operating income (loss)	(1,856,770)	(1,636,955)	(687,600)	(193,390)	(1,295,830)
Non-operating revenues (expenses)					
Property Taxes Ad-Valorem	715,968	690,711	691,377	753,865	774,568
Rental revenue	-	-	-	-	165,282 ⁽²⁾
Investment earnings	335,679	268,749	208,446	124,439	51,881
Interest expense	(647,011)	(521,469)	(487,724)	(327,684)	(185,655)
Other non-operating revenues	374,266	347,260	527,254	463,981	56,564
Other non-operating expenses	-	-	-	(1,571,619) ⁽¹⁾	-
Total non-operating revenues(expenses), net	778,902	785,251	939,353	(557,018)	862,640
Net income before capital contributions	(1,077,868)	(851,704)	251,753	(750,408)	(433,190)
Capital contributions	76,396	105,199	124,071	3,092,146	1,648,257
Changes in net position	\$ (1,001,472)	\$ (746,505)	\$ 375,824	\$ 2,341,738	\$ 1,215,067
Net position by component:					
Net investment in capital assets	\$ 43,164,937	\$ 44,623,580	\$ 45,207,184	\$ 53,386,647	\$ 57,218,606
Restricted:					
Debt Service	3,438,994	3,646,427	3,888,332	3,326,941	2,772,564
Capital Projects	960,095	1,010,945	1,221,358	29,640	83,771
Total restricted	4,399,089	4,657,372	5,109,690	3,356,581	2,856,335
Unrestricted	18,847,302	16,383,871	15,723,773	11,639,157	9,522,511
Total net position	\$ 66,411,328	\$ 65,664,823	\$ 66,040,647	\$ 68,382,385	\$ 69,597,452

El Toro Water District
Changes in Net Position and Net Position by Component (Continued)
Last Ten Fiscal Years

	Fiscal Year				
	2015	2016	2017	2018	2019
Changes in net position:					
Operating revenues ^(see Schedule 2)	\$ 23,124,200	\$ 22,516,781	\$ 24,032,874	\$ 25,445,261	\$ 24,663,457
Operating expenses ^(see Schedule 3)	<u>(24,469,909)</u>	<u>(23,990,984)</u>	<u>(25,287,726)</u>	<u>(26,859,040)</u>	<u>(26,928,835)</u>
Operating income (loss)	<u>(1,345,709)</u>	<u>(1,474,203)</u>	<u>(1,254,852)</u>	<u>(1,413,779)</u>	<u>(2,265,378)</u>
Non-operating revenues (expenses)					
Property Taxes Ad-Valorem	815,554	843,301	888,973	927,672	1,012,576
Rental revenue	246,196	172,665	181,491	188,183	204,160
Investment earnings	76,804	147,447	75,113	124,001	500,786 ⁽⁵⁾
Interest expense	(132,375)	(397,680)	(706,683) ⁽³⁾	(790,753)	(753,794)
Other non-operating revenues	218,824	188,701	152,710	59,653	910,351 ⁽⁶⁾
Other non-operating expenses	-	-	-	-	-
Total non-operating revenues(expenses), net	<u>1,225,003</u>	<u>954,434</u>	<u>591,604</u>	<u>508,756</u>	<u>1,874,079</u>
Net income before capital contributions	(120,706)	(519,769)	(663,248)	(905,023)	(391,299)
Capital contributions	-	577,471	85,821	45,853	1,985,903
Changes in net position	<u>\$ (120,706)</u>	<u>\$ 57,702</u>	<u>\$ (577,427)</u>	<u>\$ (859,170)</u>	<u>\$ 1,594,604</u>
Net position by component:					
Net investment in capital assets	\$ 52,204,625	\$ 57,306,311	\$ 57,194,565	\$ 60,300,968	\$ 56,355,138
Restricted:					
Debt Service	2,285,068	1,602,958	1,602,958	1,602,958	2,012,004
Capital Projects	<u>571,268</u>	<u>577,471</u>	<u>23,081</u>	<u>45,853</u>	<u>64,514</u>
Total restricted	2,856,336	2,180,429	1,626,039	1,648,811	2,076,518
Unrestricted	<u>14,415,785</u>	<u>10,047,708</u>	<u>10,136,417</u>	<u>1,008,665</u> ⁽⁴⁾	<u>6,121,392</u> ⁽⁴⁾
Total net position	<u>\$ 69,476,746</u>	<u>\$ 69,534,448</u>	<u>\$ 68,957,021</u>	<u>\$ 62,958,444</u>	<u>\$ 64,553,048</u>

(1) Refund to Golden Rain Foundation the Sinking fund balance in connection with the agreement that ETWD to provide Disinfected Tertiary Recycled Water for irrigation within the Laguna Woods Village Golf Course.

(2) In FY 13/14 the District created a separate line item for cell tower rental income. In the prior years this revenue was included with other non-operating revenues.

(3) Starting with FY 16/17 expenses included the Baker Water Treatment Plant loan interests with Texas Capital.

(4) The decrease/increase in Unrestricted due to the implementation of GASB Statement No. 75 in recording OPEB liability.

(5) Investment Earnings increase was resulted from higher interests rate earned on short-term LAIF and CAMP investments.

(6) The increase was attributed to a refund from South Orange County Waste Water Authority (SOCWA).

El Toro Water District Operating Revenues by Source Last Ten Fiscal Years

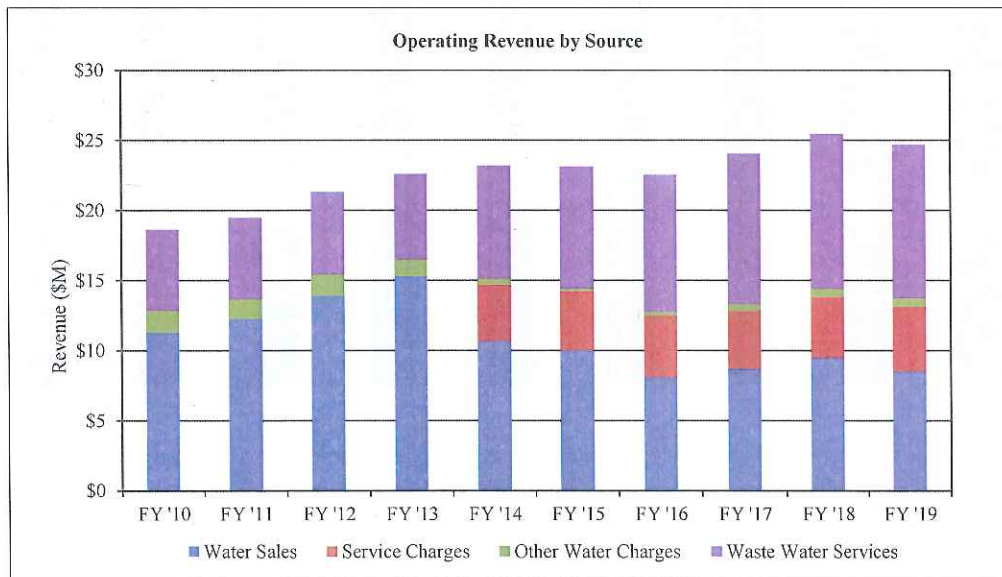
Fiscal Year	Water Sales	Service Charges	Other Water Charges	Waste Water Services	Total Operating Revenue
2010	11,279,626	-	1,559,956	5,780,108	18,619,690
2011	12,247,255	-	1,387,466	5,848,958	19,483,679
2012	13,902,298	-	1,538,758	5,882,300	21,323,356
2013	15,293,372	-	1,169,883	6,129,321	22,592,576
2014	10,687,396	3,979,752 ⁽¹⁾	443,673 ⁽²⁾	8,077,870	23,188,691
2015	9,998,985	4,183,699	216,108	8,725,408	23,124,200
2016	8,069,726	4,381,402	294,329	9,771,324	22,516,781
2017	8,635,462	4,177,505	459,926	10,759,981	24,032,874
2018	9,459,453	4,325,454	574,644	11,085,710	25,445,261
2019	8,474,791	4,623,068	610,360	10,955,238	24,663,457

Other Water Charges - by Category

Fiscal Year	Standby Charge	Reimbursement	Other	Total Other Water Charges
2010	993,161	102,061	464,734	1,559,956
2011	983,895	125,860	277,711	1,387,466
2012	970,517	171,014	397,227	1,538,758
2013	984,847	117,364	67,672	1,169,883
2014	10,623	124,353	308,697	443,673
2015	4,818 ⁽²⁾	116,957	94,333	216,108
2016	3,292	233,000	58,037	294,329
2017	1,525	331,179	127,222	459,926
2018	418	403,445	170,781	574,644
2019	247	383,810	226,303	610,360

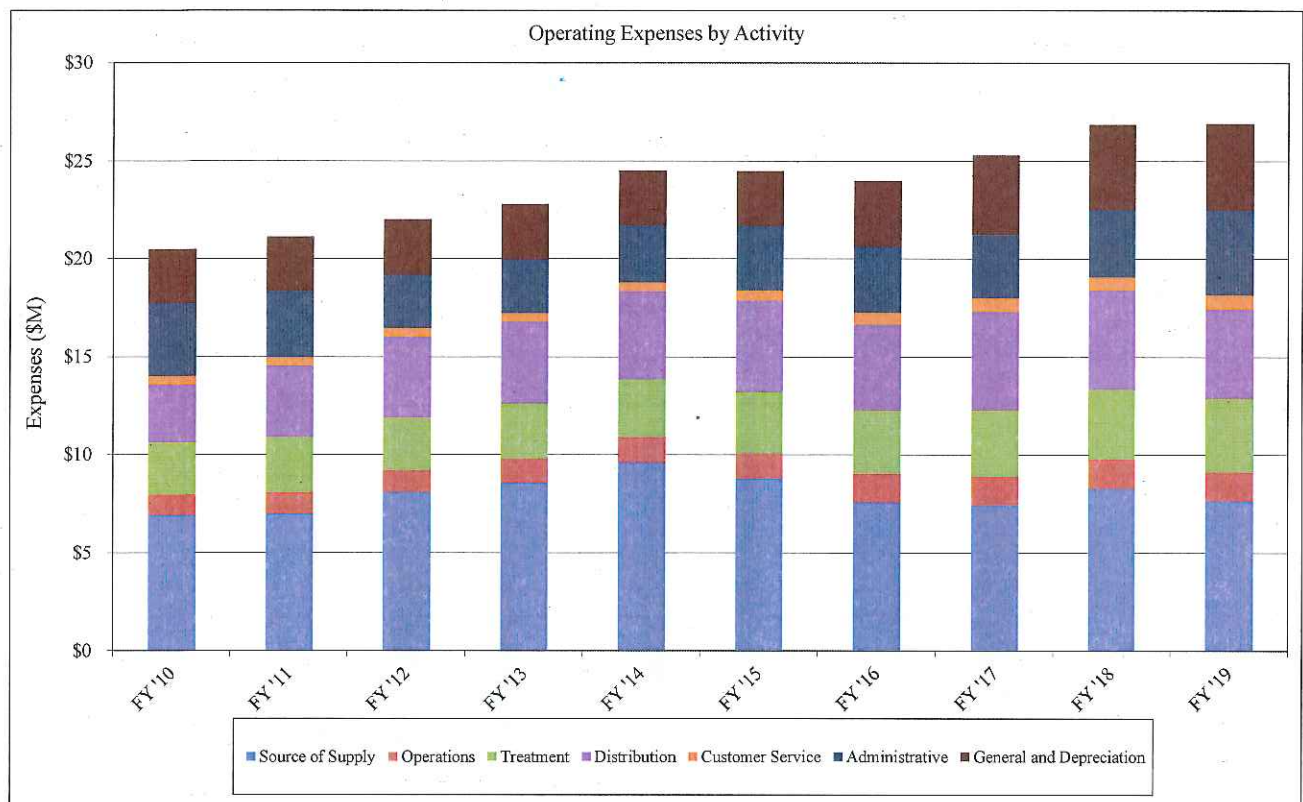
(1) Starting in 2014, Service Charge Revenues was separated from Water Sales Revenues.

(2) The Standby Charge was for the Water Recycling Project, and collections of this fee were not needed after FY 12/13.



El Toro Water District Operating Revenues by Activity Last Ten Fiscal Years

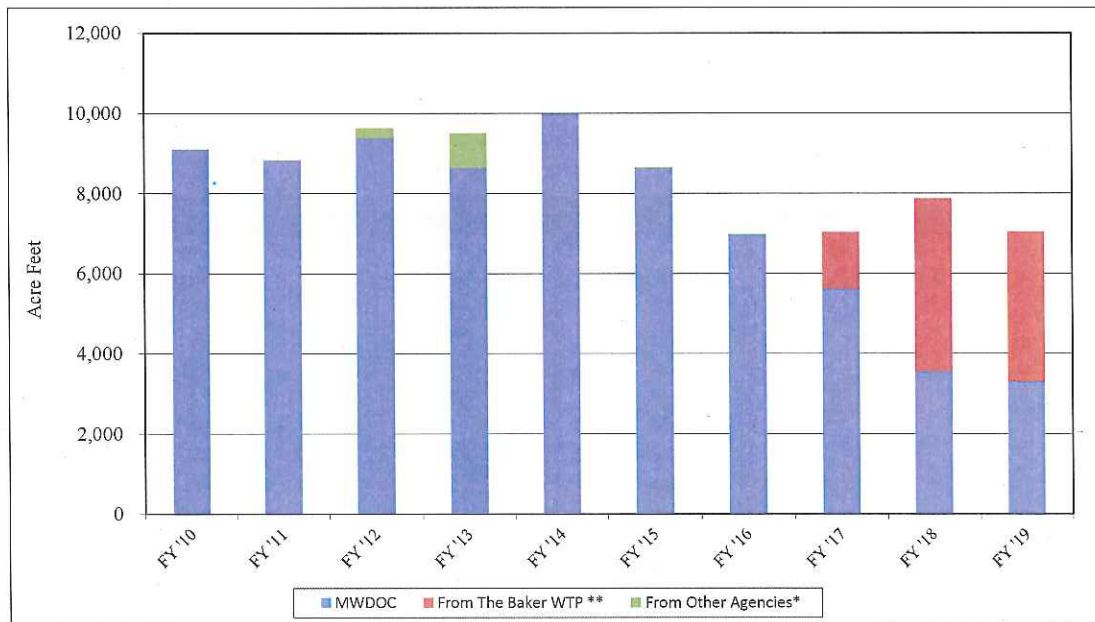
Fiscal Year	Source of Supply	Pumping Operations	Water Treatment	Water Distribution	Customer Service	General and Administrative	Depreciation	Operating Expenses
2010	6,924,687	1,038,275	2,673,452	2,922,913	442,574	3,733,666	2,740,893	20,476,460
2011	6,993,701	1,076,206	2,813,771	3,658,325	423,521	3,381,145	2,773,965	21,120,634
2012	8,096,104	1,096,347	2,688,844	4,124,778	440,218	2,732,748	2,831,917	22,010,956
2013	8,554,214	1,232,213	2,831,190	4,160,251	438,053	2,753,292	2,816,753	22,785,966
2014	9,584,718	1,293,752	2,953,328	4,492,432	465,163	2,913,731	2,781,397	24,484,521
2015	8,771,110	1,295,650	3,126,545	4,673,922	516,361	3,255,140	2,831,181	24,469,909
2016	7,555,626	1,466,757	3,243,194	4,388,871	592,405	3,365,722	3,378,409	23,990,984
2017	7,435,534	1,460,096	3,380,526	5,037,124	694,479	3,211,224	4,068,743	25,287,726
2018	8,294,019	1,491,273	3,567,648	5,035,094	686,217	3,434,736	4,350,053	26,859,040
2019	7,650,468	1,480,556	3,744,102	4,561,123	720,714	4,305,441	4,466,431	26,928,835



El Toro Water District Source of Water for Sales Last Ten Fiscal Years

Source of Water for Sales (AF)

<u>Fiscal Year</u>	<u>MWDOC</u>	<u>From The Baker WTP **</u>	<u>From Other Agencies*</u>	<u>Total Production</u>
2010	9,088	-	17	9,105
2011	8,819	-	15	8,834
2012	9,395	-	235	9,630
2013	8,640	-	861	9,501
2014	9,986	-	-	9,986
2015	8,631	-	19	8,650
2016	6,967	-	8	6,976
2017	5,616	1,417	1	7,034
2018	3,559	4,312	3	7,874
2019	3,297	3,754	-	7,051



Note: See Schedule 2 "Operating Revenue by Source" for information regarding water revenues.

*The District has inter-connections with Moulton Niguel Water District, Irvine Ranch Water District, and Santa Margarita Water District. Water is purchased from one of the three agencies in the case of repairs or upgrades to the District's infrastructure, which would necessitate a temporary alternate source of water.

**The Baker Water Treatment Plant (WTP) is a joint regional project by five South Orange County water districts, located in the City of Lake Forest, provides 28.1 million gallons per day (mgd) of drinking water. The District has the capacity right of 3.2 mgd.

**El Toro Water District
Water Operation Rates and Charges
Last Ten Fiscal Years**

Water Rates ⁽¹⁾					
Fiscal Year	Rate per CCF ⁽²⁾				Rate per AF
	Tier 1	Tier 2	Tier 3	Tier 4	Commercial / Industrial
2010	1.89	1.89	1.89	1.89	1.89
2011	1.80	2.20	4.38	5.94	2.06
2012	1.92	2.32	4.50	6.06	2.15
2013	2.07	2.47	4.79	6.35	2.30
2014	2.19	2.59	4.91	6.47	2.42
2015	2.34	2.68	5.04	7.04	2.63
2016	2.46	2.83	5.61	7.18	2.79
2017	2.46	2.83	5.61	7.18	2.79
2018	2.52	2.91	6.08	7.82	2.89
2019	2.52	2.91	6.08	7.82	2.89

Monthly Water Service Charge					
Fiscal Year	5/8" Meter	3/4" Meter	1" Meter	1 1/2" Meter	2" Meter
2010	7.60	10.14	15.20	27.87	53.22
2011	7.60	10.14	15.20	27.87	53.22
2012	7.60	10.14	15.20	27.87	53.22
2013	8.56	11.42	17.12	31.38	59.93
2014	9.31	12.42	18.61	34.12	65.15
2015	9.98	13.31	19.95	36.56	69.81
2016	9.98	13.31	19.95	36.56	69.81
2017	10.93	14.58	21.86	40.06	76.48
2018	11.80	15.82	23.85	43.92	84.07
2019	12.96	17.37	26.20	48.25	92.36

Monthly Water Capital Replacement and Refurbishment (CR&R) Charge					
Fiscal Year	5/8" Meter	3/4" Meter	1" Meter	1 1/2" Meter	2" Meter
2010	2.21	2.21	3.70	8.99	22.56
2011	3.31	3.31	5.54	13.46	33.70
2012	4.66	4.66	7.78	18.91	47.47
2013	4.66	4.66	7.78	18.91	47.47
2014	4.66	4.66	7.78	18.91	47.47
2015	4.66	4.66	7.78	18.91	47.47
2016	4.66	4.66	7.78	18.91	47.47
2017	4.66	4.66	7.78	18.91	47.47
2018	4.66	4.66	7.78	18.91	47.47
2019	4.66	4.66	7.78	18.91	47.47

Notes:

(1) The District is required to follow the rules of Proposition 218 when raising or adjusting its rates.
For more information, goto http://www.lao.ca.gov/1996/120196_prop_218/understanding_prop218_1296.html

(2) CCF = 100 Cubic Feet = 748 gallons

For more information on the District's rate structure, visit <http://etwd.com/governance/rate-structure/>

El Toro Water District
Sewer Operation Rates and Charges
Last Ten Fiscal Years

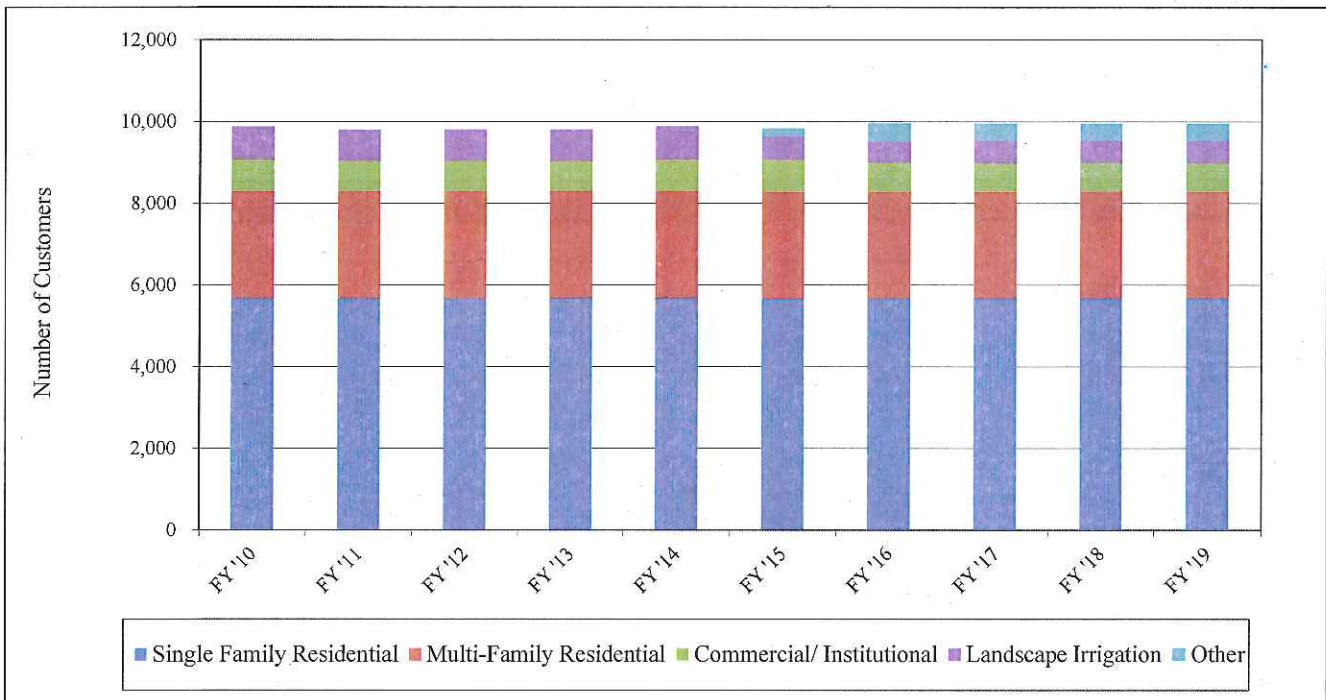
Sewer Rates by Customer Class										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Residential Rates (monthly charge per EDU)										
Residential Unrestricted	\$ 17.49	\$ 17.49	\$ 17.49	\$ 17.77	\$ 18.99	\$ 20.50	\$ 22.02	\$ 23.11	\$ 23.63	\$ 24.30
Multi-Family Restricted	13.87	13.87	13.87	14.09	15.06	16.26	17.46	18.33	18.74	19.28
Multi-Family Unrestricted	16.49	16.49	16.49	16.75	17.90	19.33	20.76	21.79	22.28	22.92
Commercial Rates (per ccf of water used)										
Animal Kennel / Hospital	\$ 2.86	\$ 2.86	\$ 2.86	\$ 2.91	\$ 3.11	\$ 3.36	\$ 3.61	\$ 3.79	\$ 3.88	\$ 3.99
Car Wash	2.84	2.84	2.84	2.89	3.09	3.34	3.59	3.77	3.86	3.97
Department / Retail Store	2.86	2.86	2.86	2.91	3.11	3.36	3.61	3.79	3.88	3.99
Dry Cleaners	2.50	2.50	2.50	2.54	2.72	2.94	3.16	3.32	3.40	3.50
Golf Course / Camp / Park	2.49	2.49	2.49	2.53	2.71	2.93	3.15	3.31	3.39	3.49
Health Spa	2.85	2.85	2.85	2.90	3.10	3.35	3.60	3.78	3.87	3.98
Hospital / Convalescent Home	2.50	2.50	2.50	2.54	2.72	2.94	3.16	3.32	3.40	3.50
Hotel	4.33	4.33	4.33	4.40	4.71	5.09	5.47	5.74	5.87	6.04
Market	5.68	5.68	5.68	5.77	6.17	6.67	7.17	7.53	7.70	7.92
Mortuary	5.66	5.66	5.66	5.75	6.15	6.64	7.14	7.50	7.67	7.89
Nursery / Greenhouse	2.54	2.54	2.54	2.58	2.76	2.98	3.20	3.36	3.44	3.54
Professional / Financial Office	2.86	2.86	2.86	2.91	3.11	3.36	3.61	3.79	3.88	3.99
Public Institution	2.80	2.80	2.80	2.85	3.05	3.30	3.55	3.73	3.82	3.93
Repair / Service Station	2.85	2.85	2.85	2.90	3.10	3.35	3.60	3.78	3.87	3.98
Restaurant	2.69	2.69	2.69	2.74	2.93	3.17	3.41	3.58	3.66	3.77
Schools	2.95	2.95	2.95	3.00	3.21	3.47	3.73	3.92	4.01	4.13
Theater	2.86	2.86	2.86	2.91	3.11	3.36	3.61	3.79	3.88	3.99
Warehouse / Storage	2.25	2.25	2.25	2.29	2.45	2.65	2.85	3.00	3.07	3.16
Basic Commercial	2.50	2.50	2.50	2.54	2.72	2.94	3.16	3.32	3.40	3.50

Monthly Sewer Capital Replacement and Refurbishment (CR&R) Charge										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Residential Charge (Per EDU)										
Single Family	\$ 3.93	\$ 4.55	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93
Multi-Family Restricted	3.15	3.61	3.95	3.95	3.95	3.95	3.95	3.91	3.91	3.91
Multi-Family Unrestricted	3.74	4.29	4.69	4.69	4.69	4.69	4.69	4.65	4.65	4.65
Commercial (per Meter)										
5/8" Meter	\$ 5.58	\$ 6.42	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34
3/4" Meter	5.44	7.34	7.34	7.34	7.34	7.34	7.34	7.34	7.34	7.34
1" Meter	12.65	12.38	13.55	13.55	13.55	13.55	13.55	13.55	13.55	13.55
1 1/2" Meter	26.65	25.60	24.07	24.07	24.07	24.07	24.07	24.07	24.07	24.07
2" Meter	60.78	68.77	70.96	70.96	70.96	70.96	70.96	70.96	70.96	70.96
Public Authority (per Meter)										
1" Meter	\$ 3.93	\$ 4.55	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93
1 1/2" Meter	17.69	20.48	24.65	24.65	24.65	24.65	24.65	24.65	24.65	24.65
2" Meter	34.34	35.20	39.71	39.71	39.71	39.71	39.71	39.71	39.71	39.71

**El Toro Water District
Water Customers by Type*
Last Ten Fiscal Years**

Number of Customers by Type

As of June 30	Single Family Residential	Multi-Family Residential	Commercial/ Institutional	Landscape Irrigation	Other	Total
2010	5,677	2,613	775	806	-	9,871
2011	5,677	2,613	733	774	-	9,797
2012	5,677	2,613	735	777	-	9,802
2013	5,683	2,610	735	775	-	9,803
2014	5,683	2,610	774	813	-	9,880
2015	5,662	2,610	785	583	187	9,827
2016	5,667	2,612	709	526	439 ⁽¹⁾	9,953
2017	5,668	2,616	694	559	406	9,943
2018	5,668	2,618	700	555	407	9,948
2019	5,665	2,614	706	556	408	9,949



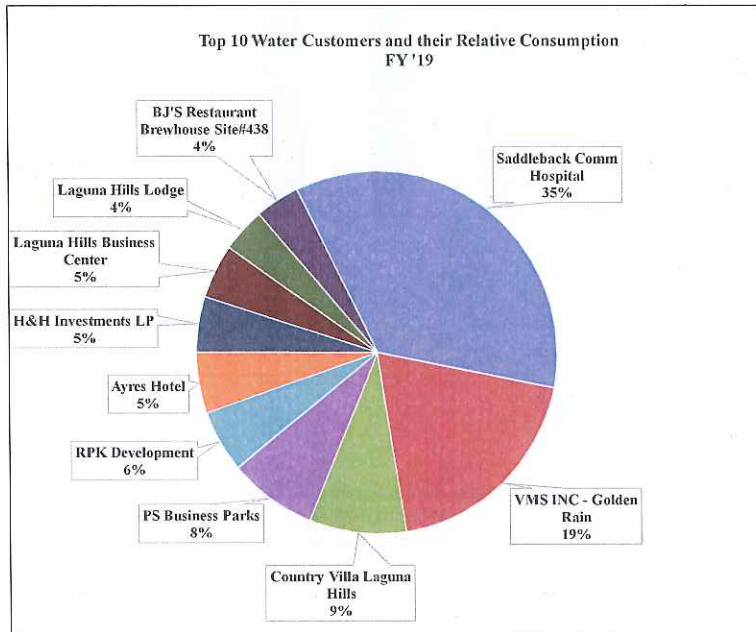
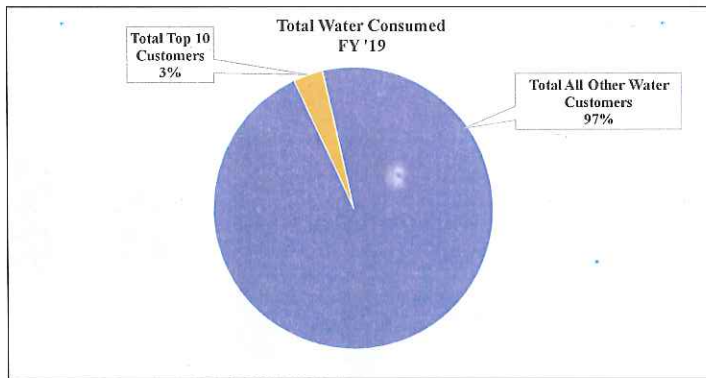
(1) The District did not track "Other" connections in total prior to FY 14/15.

*The District is completely built out and has had 8,950 sewer connections for the past 10 years.

El Toro Water District Top Ten Water Customers Last Ten Fiscal Years

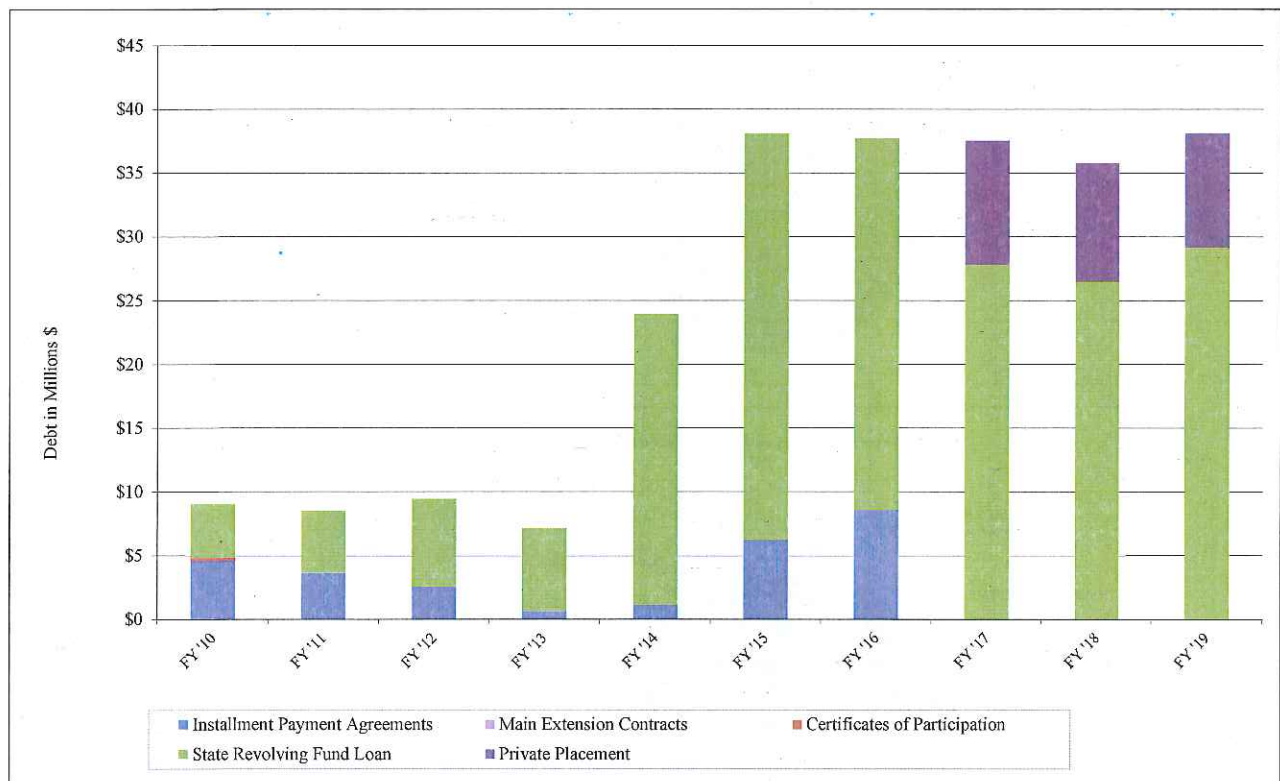
Customer	FY '10		Customer	FY '19	
	Annual Usage (HCF)	Percent of Total		Annual Usage (HCF)	Percent of Total
Saddleback Comm Hospital	54,743	1.44%	Saddleback Comm Hospital	39,939	1.21%
Simon Properties #4665	13,285	0.35%	VMS INC - Golden Rain	21,837	0.66%
Country Villa Laguna Hills	12,437	0.33%	Country Villa Laguna Hills	9,864	0.30%
PS Business Parks	10,439	0.27%	PS Business Parks	8,863	0.27%
BJ'S Restaurant Brewhouse Site#438	6,290	0.16%	RPK Development	6,252	0.19%
RPK Development	6,053	0.16%	Ayres Hotel	6,122	0.19%
PCM - Golden Rain	5,917	0.16%	H&H Investments LP	5,599	0.17%
Ayres Hotel	5,586	0.15%	Laguna Hills Business Center	5,467	0.17%
Reg De La Cuesta	5,385	0.14%	Laguna Hills Lodge	4,492	0.14%
Laguna Hills Business Center	5,117	0.13%	BJ'S Restaurant Brewhouse Site#438	4,486	0.14%
Total Top 10 Customers	125,252	3.29%	Total Top 10 Customers	112,921	3.42%
Total All Other Water Customers	3,687,336	96.71%	Total All Other Water Customers	3,190,180	96.58%
Total Water Consumed	3,812,588	100.00%	Total Water Consumed	3,303,101	100.00%

HCF = 100 cubic feet



El Toro Water District Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Certificates of Participation	Installment Payment Agreements	State Revolving Fund Loan	Main Extension Contracts	Private Placement	Total Debt	Total Debt per Capita	Total Debt as % of Personal Income
2010	240,000	4,577,495	4,220,583	6,180	-	9,044,258	188	0.38%
2011	-	3,615,586	4,890,863	6,180	-	8,512,629	177	0.34%
2012	-	2,535,858	6,920,615	6,180	-	9,462,653	198	0.36%
2013	-	621,878	6,505,874	6,180	-	7,133,932	149	0.27%
2014	-	1,123,184 ⁽¹⁾	22,823,592 ⁽²⁾	6,180	-	23,952,956	502	0.88%
2015	-	6,215,863 ⁽¹⁾	31,873,740 ⁽²⁾	6,180	-	38,095,783	795	1.30%
2016	-	8,562,088 ⁽¹⁾	29,159,616 ⁽²⁾	6,180	-	37,727,884	779	1.24%
2017	-	-	27,827,408	6,180	9,715,035 ⁽¹⁾	37,548,623	764	1.17%
2018	-	-	26,470,867	6,180	9,331,939	35,808,986	730	1.05%
2019	-	-	29,175,315	6,180	8,936,967	38,118,462	781	N/A ⁽³⁾



Notes:

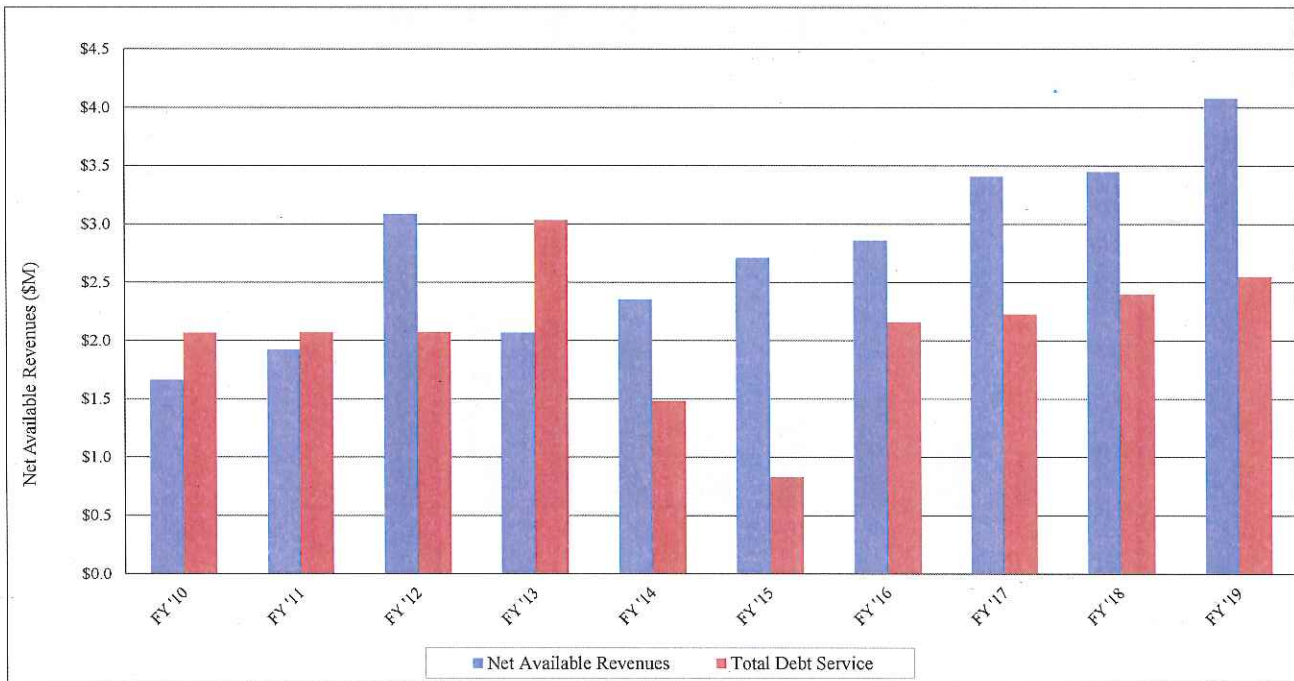
(1) In Dec 2013 the District entered into an agreement for the Baker Water Treatment Plant with five other entities. Additions in 2013 and 2014 were \$1,123,184 and \$5,092,679 respectively. This project was completed and refinanced in December 2016 with Texas Capital Bank for a lower interest rate.

(2) In 2013 the District entered into a loan agreement with the State Water Resources Control Board for the Recycled Water Treatment Plan Project. Additions in 2013 and 2014 were \$16,995,763 and \$9,741,814 respectively. Interest rate on the loan is 1.7% per annum.

(3) Personal Income data is not available for 2019. The Bureau of Economic Analysis typically releases this information in late November of the following year.

El Toro Water District Debt Service Coverage Last Ten Fiscal Years

Fiscal Year	Net Revenue			Debt Service			Coverage Ratio
	Total Revenues	Operating Expenses ⁽¹⁾	Net Available Revenues	Principal	Interest	Total Debt Service	
2010	20,045,603	18,382,578	1,663,025	1,413,067	652,359	2,065,426	0.81
2011	20,790,399	18,868,138	1,922,261	1,532,100	536,214	2,068,314	0.93
2012	22,750,433	19,666,763	3,083,670	1,663,826	406,826	2,070,652	1.49
2013	23,934,861	21,868,516	2,066,345	2,673,722	359,134	3,032,856	0.68
2014	24,236,986	21,888,779	2,348,207	1,299,923	179,490	1,479,413	1.59
2015	24,481,578	21,771,103	2,710,475	691,667	137,746	829,413	3.27
2016	23,868,895	21,010,255	2,858,640	1,697,913	459,070	2,156,983	1.33
2017	25,331,161	21,925,666	3,405,495	1,532,173	691,970	2,224,143	1.53
2018	26,744,770	23,299,740	3,445,030	1,739,638	655,145	2,394,783	1.44
2019	27,291,330	23,216,198	4,075,132	1,776,305	769,061	2,545,366	1.60

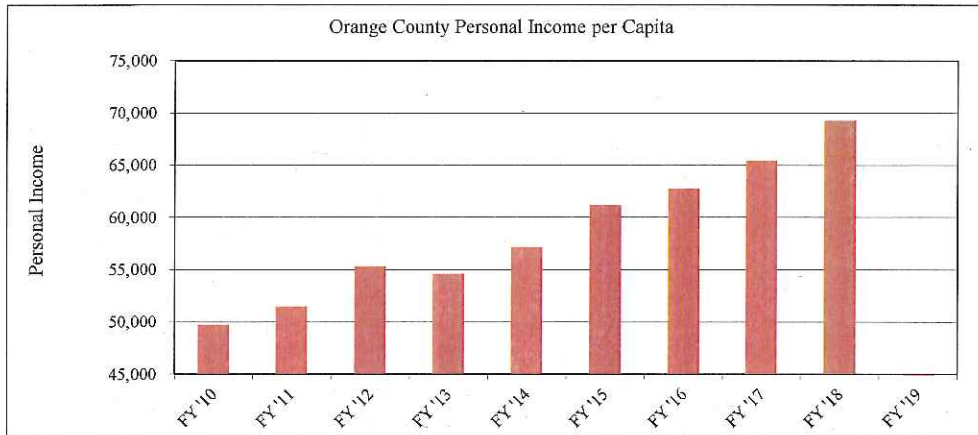
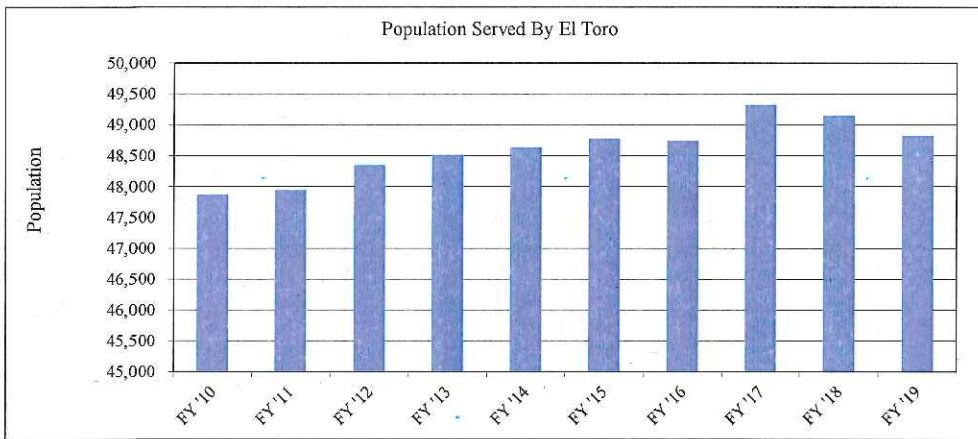


Notes:

(1) Operating expenses less depreciation and amortization.

El Toro Water District Demographics and Economic Statistics - County of Orange Last Ten Fiscal Years

Calendar Year	Population Served by El Toro ¹	Orange County		
		Personal Income ² (thousands \$)	Personal Income per Capita	Unemployment Rate at 6/30
2010	47,861	150,072,420	49,740	9.8%
2011	47,935	157,160,243	51,469	9.4%
2012	48,342	170,609,148	55,296	8.3%
2013	48,507	169,986,956	54,594	6.9%
2014	48,623	179,141,029	57,110	5.5%
2015	48,774	193,358,936	61,178	4.5%
2016	48,736	199,441,555	62,763	4.3%
2017	49,319	208,653,019	65,400	3.8%
2018	49,142	220,684,684	69,268	3.3%
2019	48,821	N/A	N/A	3.0%



Source: State of California, Employment Development Department, <http://www.edd.ca.gov>

Source: Municipal Water District of Orange County (MWDOC)

N/A - Data not available for time period

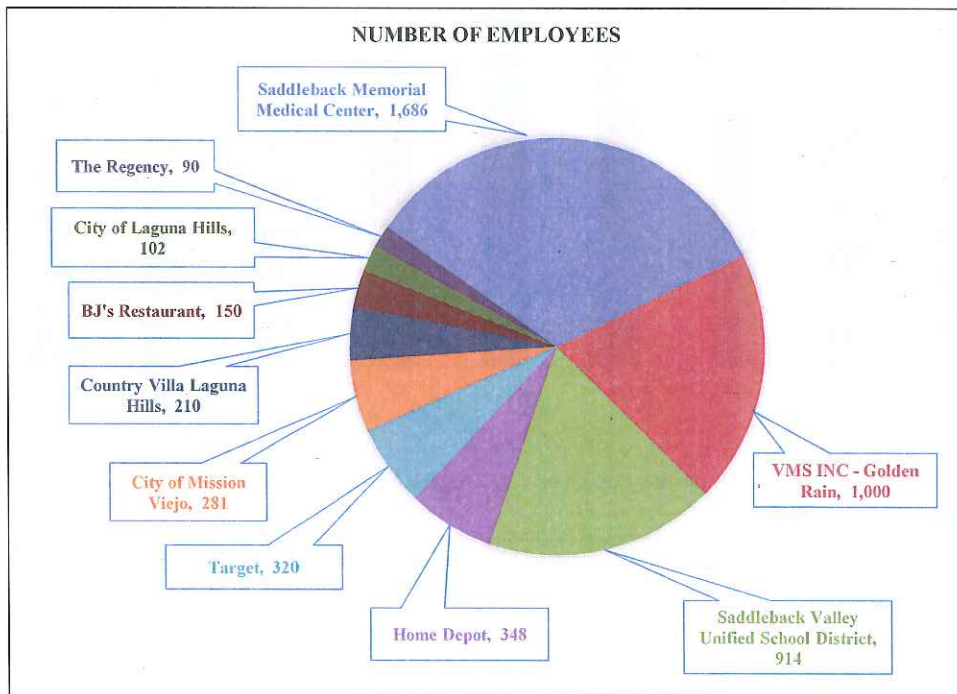
¹ The district population data is estimated by the Center for Demographic Research (CDR) at California State University Fullerton.

² Data from the Bureau of Economic Analysis, <http://www.bea.gov>

**El Toro Water District
Principal Employers
Current Fiscal Year**

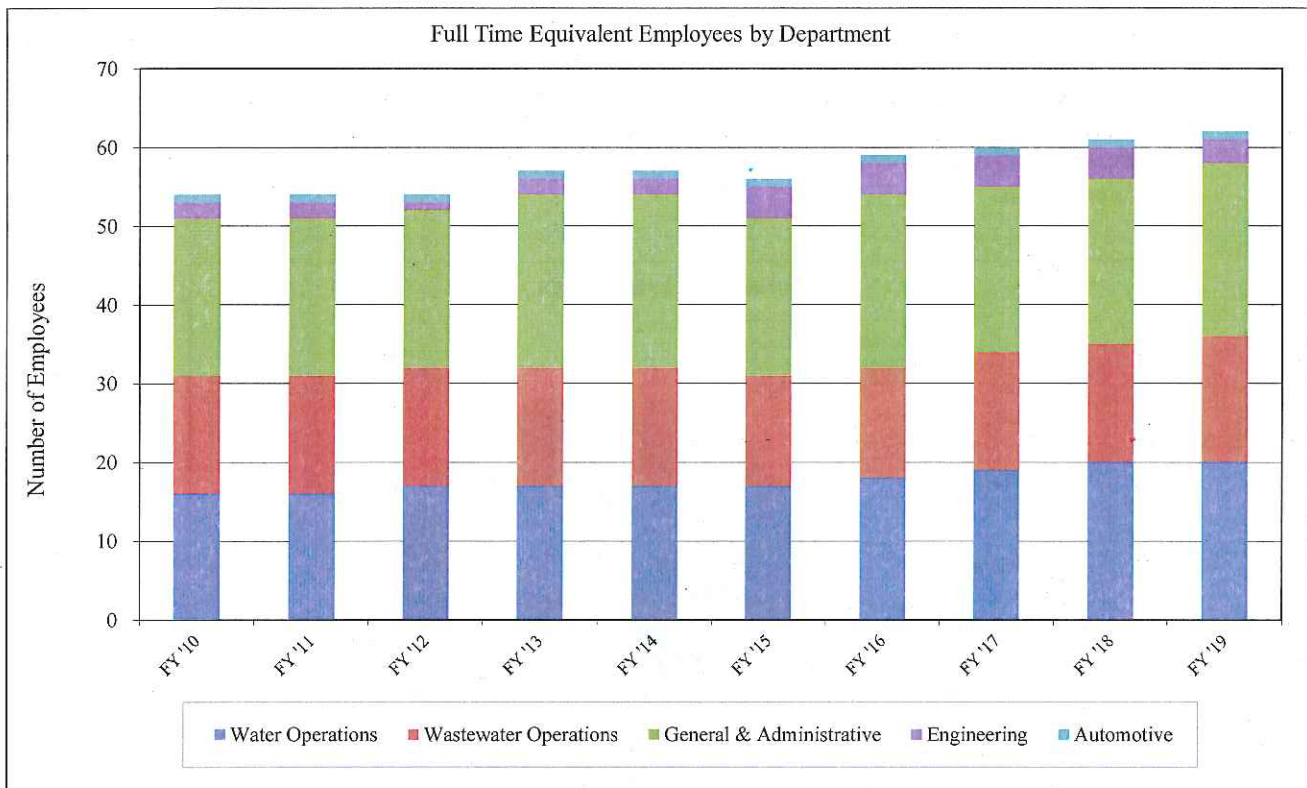
<u>Employer</u>	<u>Number of Employees at 06/30/19</u>	<u>Percent of Total</u>
Saddleback Memorial Medical Center	1,686	33.05%
VMS INC - Golden Rain	1,000	19.60%
Saddleback Valley Unified School District	914	17.92%
Home Depot	348	6.82%
Target	320	6.27%
City of Mission Viejo	281	5.51%
Country Villa Laguna Hills	210	4.12%
BJ's Restaurant	150	2.94%
City of Laguna Hills	102	2.00%
The Regency	90	1.76%
Total Principal Employers	5,101	100.00%

Service Area: Covers about 5,430 acres including all of the city of Laguna Woods (36%), and portions of the cities of Laguna Hills (21%), Mission Viejo (12%), Lake Forest (27%) and Aliso Viejo (4%). The district used data from the fiscal year end 2018 CAFRs for the service area cities listed. Nine years prior information comparison is not available since the district started filing for the CAFR from fiscal year end 2016.



El Toro Water District
Full Time Equivalent Employees by Department
Last Ten Fiscal Years

Fiscal Year	Water Operations	Wastewater Operations	General & Administrative	Engineering	Automotive	Total
2010	16	15	20	2	1	54
2011	16	15	20	2	1	54
2012	17	15	20	1	1	54
2013	17	15	22	2	1	57
2014	17	15	22	2	1	57
2015	17	14	20	4	1	56
2016	18	14	22	4	1	59
2017	19	15	21	4	1	60
2018	20	15	21	4	1	61
2019	20	16	22	3	1	62



El Toro Water District
Operating and Capacity Indicators
Last Ten Fiscal Years

Fiscal Year	Water System			
	Miles of	Service	Annual	Average Daily
	Water Mains	Connections	Potable Import (MG)	Potable Import (MGD)
2010	170	9,871	2,967	8.13
2011	170	9,797	2,879	7.89
2012	170	9,802	3,138	8.60
2013	170	9,803	3,138	8.60
2014	170	9,880	3,254	8.91
2015	170	9,828	2,819	7.72
2016	170	9,953	2,273	6.23
2017	170	9,943	2,292	6.28
2018	170	9,948	2,566	7.03
2019	170	9,949	2,298	6.29

Fiscal Year	Sewer System			
	Miles of	Service	Annual	Daily
	Sewers Lines	Connections	Sewerage (MG)	Sewerage (MGD)
2010	114	9,871	1,489	4.08
2011	114	9,797	1,502	4.11
2012	114	9,802	1,442	3.95
2013	114	9,803	1,396	3.82
2014	114	9,880	1,262	3.46
2015	114	9,828	1,242	3.40
2016	114	9,953	1,096	3.00
2017	114	9,943	1,146	3.14
2018	114	9,948	1,105	3.03
2019	114	9,949	1,122	3.07

Fiscal Year	Recycled Water			
	Miles of	Service	Annual	Daily
	Recycled Pipe	Connections	Production (MG)	Production (MGD)
2010	19	1	169.58	0.46
2011	19	1	185.16	0.51
2012	19	1	244.39	0.67
2013	19	1	190.26	0.52
2014	19	1	142.58	0.39
2015	19	70 (1)	159.56	0.44
2016	19	138 (1)	337.87	0.93
2017	19	210 (1)	462.49	1.27
2018	26 (2)	210	502.12	1.38
2019	26	210	418.89	1.15

Notes:

MG - Millions of Gallons
MGD - Millions of Gallons per Day

- (1) The increase in Recycled Connections was a result of Recycled Water Project to transition irrigation customers to recycled water.
(2) The increase in Miles of Recycled Pipe was due to the completion of The Phase II Recycled Water Distribution System Expansion Project.

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**El Toro Water District 401(k) Plan
Third Quarter 2019**



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Reporting Period Ending: September 30, 2019

Economic and Market Perspectives Q4 2019

Market choppiness in the third quarter was consistent with a mixed bag of global economic data and trade headlines that shifted day by day from optimism to pessimism and back again. Meanwhile, the attack on Saudi Arabia's oil facilities briefly pushed crude prices higher, but demand for oil is ebbing worldwide as global growth slows. This issue of Perspectives discusses global markets and our outlook for the fourth quarter of 2019.

Key Takeaways:

- Investors may be faced with a lower-return, higher-risk world where it is best to take a more defensive position, focusing more on return of capital versus return on capital.
- Rising risk premiums across all asset classes may result if the global economy continues to stumble.
- The Treasury's considering 50- and 100-year Treasury bond issuance highlights a trend all investors should take note of: soaring government debt as a percentage of GDP.
- Given current valuations, our portfolios favor higher quality securities and sectors, reflecting our view that downside risk outweighs upside potential.
- U.S. shale production and oil's declining economic importance are key considerations relative to crude prices.
- Oil prices—constrained by decreasing demand and a shift away from manufacturing—should remain stable absent significant supply disruptions.

Investing in a World of Risk

Unlike the first half of 2019, an unusual situation that saw stocks and bonds rally in unison, global financial markets took many twists and turns in the third quarter. Equity markets rallied in July only to sell off in August under increasing trade policy uncertainty and a Federal Reserve (Fed) announcement that was not as dovish as investors desired.

Following a brief thawing of trade tensions, September saw equity markets claw back the lost gains and the S&P 500 index finished the third quarter up 1.7 percent. But bonds sold off aggressively to begin the month after better-than-expected economic data challenged the recessionary narrative triggered by a flattening yield curve.

Despite a brief spike in early September, the yield on the bellwether 10-year Treasury Note fell 34 basis points to 1.66 percent over the course of the quarter - a continuation of a persistent downtrend that began in mid-November 2018 when the yield hit a seven-year high-water mark of 3.24 percent.

In keeping with the Fed's dovish pivot in January that helped spur equity markets, the Federal Open Market Committee (FOMC) cut the Fed Funds rate twice in the third quarter. Chairman Powell attempted to manage investor's expectations by characterizing the easing as a precautionary "mid-cycle adjustment."

Recent choppiness of financial markets has been consistent with a mixed bag of global economic data and trade developments that shift day-by-day from optimism to pessimism and back again.

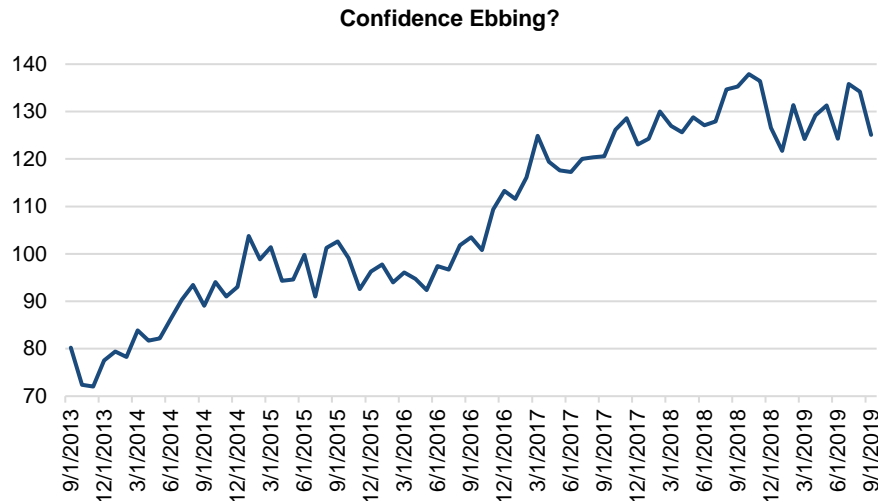
On the manufacturing front, activity indicators are fading under the weight of unresolved trade tensions. Manufacturing weakness was particularly evident in the global economies more export-oriented than the U.S. -- like Germany where manufacturing PMIs hit their lowest levels in over 10 years. Facing increasing risks that the eurozone economy may fall into recession, the European Central Bank pushed rates further into negative territory from minus 0.4 percent to minus 0.5 percent, the first interest rate cut since 2016, and indicated that it was running out of tools to stimulate the European economy.

Consumers to the Rescue

Despite U.S. trade policy uncertainty weighing heavily on global manufacturing output, the more service sector-oriented U.S. economy remained relatively resilient during the third quarter with employment growth slowing, but still healthy. September's non-farm payroll report, a closely watched barometer of economic health, served to temper fears of a broader slowdown as the jobless rate fell to 3.5% - its lowest level since December 1969.

Reporting Period Ending: September 30, 2019

With the U.S. manufacturing sector under stress, and consumer spending helping to keep the domestic economy expanding, investors keep a close watch on monthly consumer confidence surveys. One such measure, The Conference Board's Consumer Confidence Index remains at healthy levels but, as shown in the chart below, September's reading was the lowest in nine months due to "the escalation of trade and tariff tensions in late August," according to The Conference Board's release.



Source: Bloomberg

Looking ahead, the seesawing U.S./China trade negotiations are likely to persist and drive additional volatility as economic growth continues to suffer under a cloud of policy uncertainty which, according to the Organization for Economic Cooperation and Development, is behind their recent downgrade in the outlook for the global economy. For the U.S., the group trimmed its GDP forecast for 2019 to 2.4 percent and 2 percent in 2020 noting that "escalating trade policy tensions are taking an increasing toll on confidence and investment."

We can't understate the unpredictability of this unique set of macroeconomic circumstances, both in terms of their root cause and how they will be dealt with from a monetary policy perspective. As Chairman Powell said in his Jackson Hole speech regarding the Fed's ability to incorporate the trade war into its playbook: "There are...no recent precedents to guide any policy response to the current situation."

Thinking about the implications for portfolio strategy going forward, we must also acknowledge that, much like central banks, there is no precedent to guide investors through the thick fog of a major trade war. What we can be certain of as we examine the bigger picture, however, is that investors are most likely faced with living in a lower-return, higher-risk world where it is best to play defense instead of offense and seek a margin of safety by emphasizing the return of capital versus the return on capital. With equity returns during this economic cycle at twice their long-term averages, we expect returns to moderate and revert back to long-term trends.

There is also a systemic risk that globalization itself is unwinding and, as the apparent benefits from the pillars of globalization – new markets, global supply chains, peace arising from alignment of trade interests, etc.—weaken, risk premiums across the investment spectrum will rise.

As markets struggle with potentially increasing risk premiums, asset class price discovery could be complicated by the fact that many global economies operate in an environment of zero or negative interest rates which destroy both savings and investment: the foundations of future economic growth.

Negative rates also distort how investors analyze investment decisions. Because prices convey information, lack of accurate pricing delivers misinformation and unproductive capital allocation. Negative rates create a black hole where historical financial relationships and approaches are at risk of no longer being in force. We expect the impact of negative rates and unconventional central bank policies to play out over many months, if not years, and we will add this consideration to our structuring of client portfolios.

Reporting Period Ending: September 30, 2019

Ahead of the Curve: Policy Sends Mixed Messages

The Federal Reserve's second rate cut in third quarter lowered short-term rates to a range of 1.75% to 2.0%. In easing U.S. monetary policy for the first time since 2007, Chairman Powell cited weakening business sentiment and investment, global growth doldrums, and declining exports as factors behind the change in direction.

The Fed's calendar includes two more meetings this year and, according to the most recent "dot plot" projections, 7 of the 17 Federal Open Market Committee (FOMC) members forecast at least one more 25-basis point cut this year. But even as many members believe another rate cut is in the offing for 2019, divisions among FOMC voting members appear to be increasing and three dissenters at September's meeting may point to Committee disharmony and murkier waters ahead.

While St. Louis Fed President James Bullard voted for a 50-basis point rate cut, two other members -- Kansas City Fed President Esther George and Boston Fed President Eric Rosengren -- voted not to cut rates at the September meeting. George and Rosengren had also voted to hold rates steady at July's Federal Reserve get-together. While some reports cast the three dissenters as a record, the early 1960s and late 1970s were marked by frequent dissenting FOMC votes — at a total of 21 meetings, either four or five members voted against the policy recommendation.¹

George's hawkish leanings date back to 2013 when she cast her first dissenting vote as a member of the Bernanke Fed. In all, she has dissented (voted to tighten) at 14 of the last 53 meetings under Chairs Bernanke, Yellen and Powell. She and Bullard have been on opposite sides of the policy debate twice so far in their overlapping tenures. It will remain an open question if other FOMC voting members adopt a Georgian orientation to break from the consensus and tighten rates in the future or side with Bullard's preference for aggressive rate cuts.

Meanwhile, the market has sent a clear message that it wants/expects more rate cuts as reflected in the inversion of the yield curve. In August, the 2-year minus 10-year Treasury yield spread briefly turned negative for the first time since 2007. This

occurrence followed the one-month minus 10-year spread, which has been in and out of negative territory since March.

Yield curve inversions are considered a signal that the market believes the Fed is too tight relative to economic fundamentals and that more aggressive easing is necessary. The Fed's historical slowness to respond to these cues has been a common source of blame for why recessions eventually materialized. With the risk of economic overheating minimal, we believe the Fed should and will fall in line with the market – hopefully sooner rather than later.

Coming Up Short

The Fed was also in the news late in the third quarter when a liquidity crunch in the overnight/repurchase agreement (repo) market (the first such shortfall since 2008) led to an interest rate spike as banks and broker-dealers scrambled to find funds to lend to each other. The New York Fed, charged with keeping the repo market stable and liquid, auctioned about \$53 billion in repo agreements and repeated the auction process on subsequent days to stabilize market demand.

Explanations for the repo market dislocation ranged from too hasty Fed tightening of its balance sheet to corporate tax deadlines to bank reserve requirements that created outside demand for Treasuries. We are somewhat puzzled as to how these factors, none of which should have surprised the parties active in the repo market, could have led to such a funding crunch. What is clear, however, is that the cause of 2008's repo market meltdown was bank-solvency related. This time around, the underlying issue is different - a fact that all market participants took comfort in.

The most concerning aspect of the liquidity crunch is that record Treasury auctions are part of the story, highlighting public debt expansion to record levels which we believe could weigh on the growth potential of the U.S. economy.

Going Long

During the third quarter, the U.S. bond market digested news that the Treasury Department is researching potential market demand for a 50-year Treasury Bond. This new offering would push the yield curve out an additional 20 years and, according to Secretary Mnuchin, capitalize on low rates and help manage the record

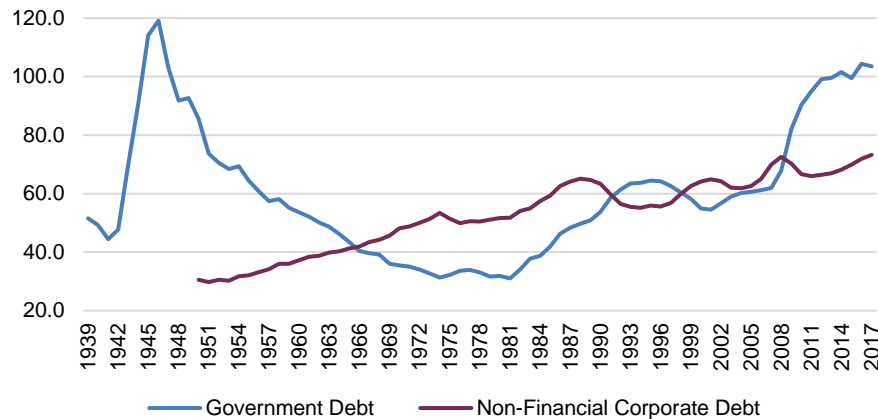
¹ FOMC Dissent Data Appendix to "Making Sense of Dissents: A History of FOMC Dissents." Federal Reserve Bank of St. Louis Review, Third Quarter 2014 Vol. 96, No. 3, updated 08/02/2019.

Reporting Period Ending: September 30, 2019

\$1 trillion U.S. budget deficit. If there is sufficient demand, Mnuchin suggested 100-year Treasuries might also be on the table. Government bond portfolio managers responded cautiously to the idea of ultra-long Treasuries, with some suggesting that potential yield curve disruptions and low demand for the 50-year paper made the idea less than appealing.

Consideration of 50- and 100-year bond issuances highlights an issue all investors should take note of. One statistic illustrates the decline in the productivity of government debt: In the 1980s, 50 cents of debt was worth \$1 dollar of GDP but today \$1.50 of debt is required for the same impact on GDP. As shown in the chart below, government debt as a percentage of GDP continues to expand to levels not seen since World War II.

Debt as a Percentage of GDP



Source: Federal Reserve Bank of St. Louis, International Monetary Fund

In addition to high levels of government debt, corporate debt as a percentage of U.S. GDP is at its highest level over the last several decades (as shown in the chart). Credit expansion booms driven by low rates have historically led to busts and we believe today's corporate debt market has become addicted to cheap, free-flowing credit. The Fed attempted to slow overall credit expansion in 2018 by raising short-term rates, but economic and market conditions led to an abrupt and dovish U-turn in monetary policy which has effectively served to keep the debt spigot open.

While the central bank's policy pivot is well intended, we believe that the return to easier monetary policies may be contributing to the lack of equilibrium required to avoid asset bubbles. Given the potential for capital destruction when bubbles burst, one must question whether kicking the can by way of artificially extending the economic cycle via an easing bias is the lesser of two evils.

In light of our concerns about asset prices relative to fundamentals, our client portfolios continue to favor higher quality securities and sectors of the market. Such defensiveness should not be interpreted as an expectation of imminent market implosion, but rather a reflection of downside risk outweighing upside potential given current valuation levels.

Energy Market Outlook: This is Not Your Father's Oil Embargo

The September 14 attack on major Saudi Arabian production facilities is the largest supply disruption in modern history (5.7 million barrels per day or 6% of global supply), larger than the supply shocks following the Iranian Revolution in 1979 and OPEC's Oil Embargo against the U.S. following the Arab-Israeli War of 1973 to 1974.²

Estimates of how quickly the stricken facilities can come back on-line range from weeks to months, depending on the damage and availability of replacement parts. Crude oil prices spiked on the news some 15% the day after the attack.

But times have changed since the oil shocks of the 1970s and, while prices at the pump may see temporary upward pressure, the attack is unlikely to lead to the gas lines and hoarding of the past. Markets seem to have sensed the limited economic

² Source: International Energy Agency

Reporting Period Ending: September 30, 2019

impact of the disruption — the price of crude oil quickly retreated from its temporary spike back to the average 2019 price of around \$57 per barrel.³

We believe that market reactions to the attack may be driven by more than a temporary tightening of the oil spigot, however. There are two reasons this time may be different: U.S. shale production and the declining role oil plays in the U.S. economy.

Shale to the Rescue?

Delivering 12 million barrels per day, the U.S. has moved from being a net importer of oil to leading the world in crude production. One reason for the modest price change in oil may be that, in addition to potentially releasing some of the 700 million barrels of crude in the U.S. Strategic Petroleum Reserve, investors believe the U.S. can ramp up shale production to plug the gap left by the Saudi attack.

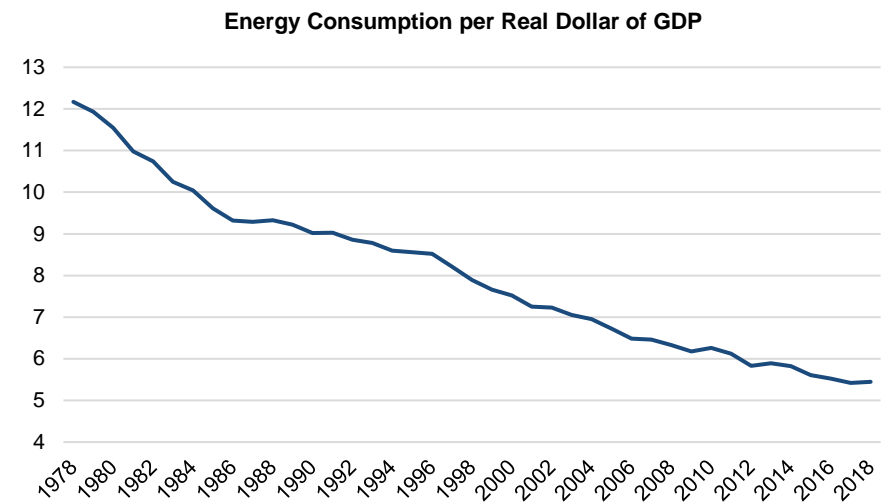
While shale producers do have capacity to increase output, many producers are under pressure from investors to exercise supply discipline avoid flooding the market. Shale-producing companies that focused on increasing production over profits were severely punished by investors this cycle. Before shifting to a more shareholder-friendly management, the overall sector recorded negative free cash flows from 2015 until late 2018.⁴

Shale companies will also face higher financing costs and limited access to capital markets until investors become convinced they've learned their lesson. While these firms may be tempted to increase production, their shareholders will counsel patience.

Weaning Ourselves from Energy

The U.S. economy has also experienced some dramatic changes since the fuel shortages and gas lines of the '70s and is less vulnerable to crude oil price shocks. This is due to a shift from a manufacturing-led economy reliant on oil-based products (currently 11% of GDP) to one led by less energy-hungry service industries that

represent around 70% of GDP.⁵ As shown in the chart below, energy intensity for the U.S. economy, as measured by consumption per unit of GDP, has declined more than half over the last few decades.



Source: U.S. Energy Information Administration

In addition to structural changes in the economy, U.S. consumers have been using less gasoline, likely due in part to migration to the cities, public transportation and vehicles offering better fuel economy. Despite population increases, consumption of gasoline has been essentially flat since the mid-2000s after increasing steadily from the post WWII era.⁶

³ Source: Federal Reserve Bank of St. Louis

⁴ Source: FactSet

⁵ Source: Bureau of Economic Analysis

⁶ Source: U.S. Energy Information Administration

Reporting Period Ending: September 30, 2019

What Else is Oil Telling Us?

Despite the declining role oil prices play in consumer and business expenses, higher crude oil prices do represent an indirect tax on consumer income which could marginally impact domestic spending capacity and economic growth. With consumer spending propping up the longest economic expansion in U.S. history, rising energy costs could dampen enthusiasm for other purchases. While there are no signs consumer spending has slowed in response to the Saudi disruption, it is early days yet.

We believe that the Saudi strike has increased the risk of additional oil production attacks, and that increasing Mideast unrest will likely put an uncertainty premium on pricing going forward. But balanced against this possible tailwind is the slowing global economy.

Oil price stability following the largest supply disruption in modern history may, in part, be due to declining demand on a global scale as all regions report lower expected demand for oil. Nowhere is dwindling demand more apparent than in China. As China confronts its slowest economic growth in decades and continues to work through trade tensions with the U.S., oil demand is expected to decline by more than half, from around 6 million barrels per day in 2017 to 2.5 million barrels a day in 2023.⁷

While the attack on Saudi Arabia's oil production facilities was an unprecedented shock to the system, we believe oil prices — constrained by decreasing demand and an economic shift away from manufacturing — will remain stable absent significant supply disruptions in the future.

Economic and Market Perspectives Q4 2019

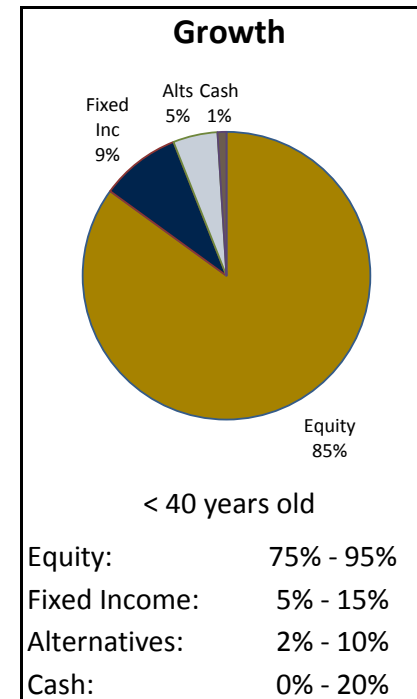
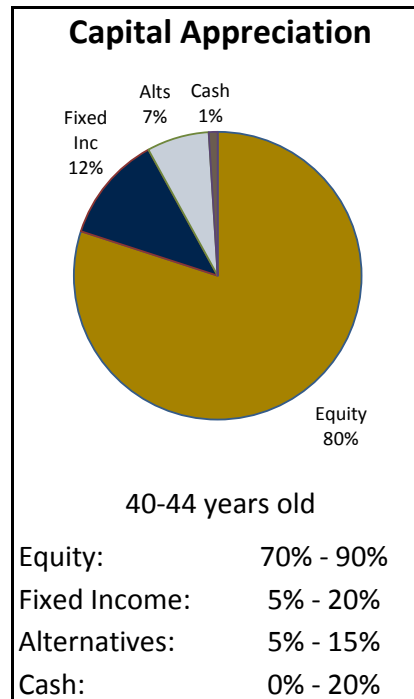
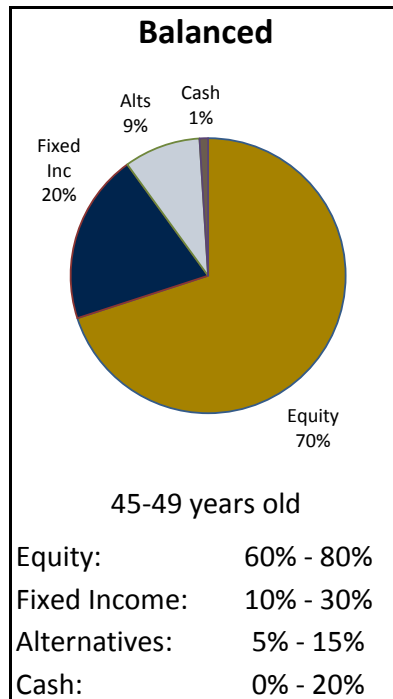
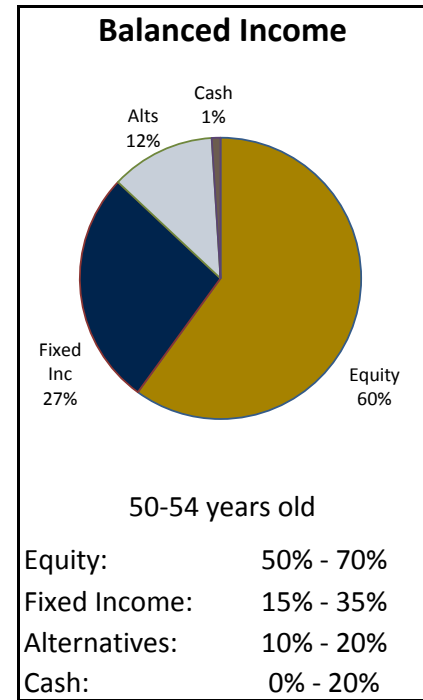
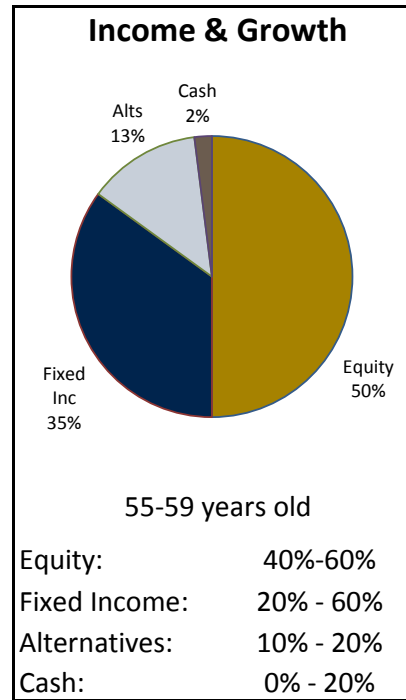
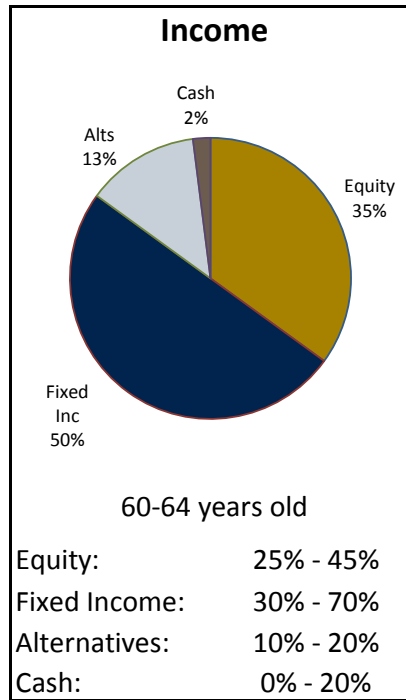
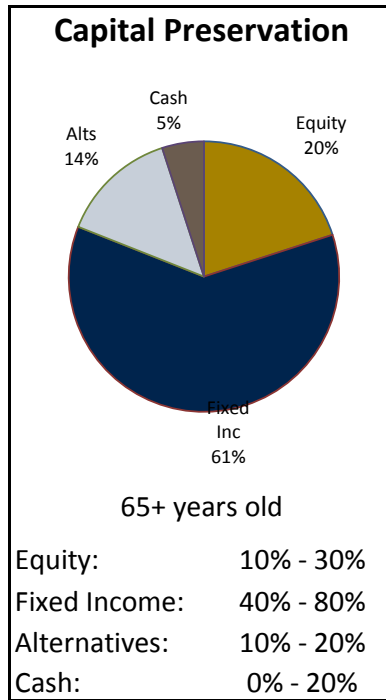
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⁷ Source: International Energy Agency

INVESTMENT POOLS - ASSET ALLOCATION

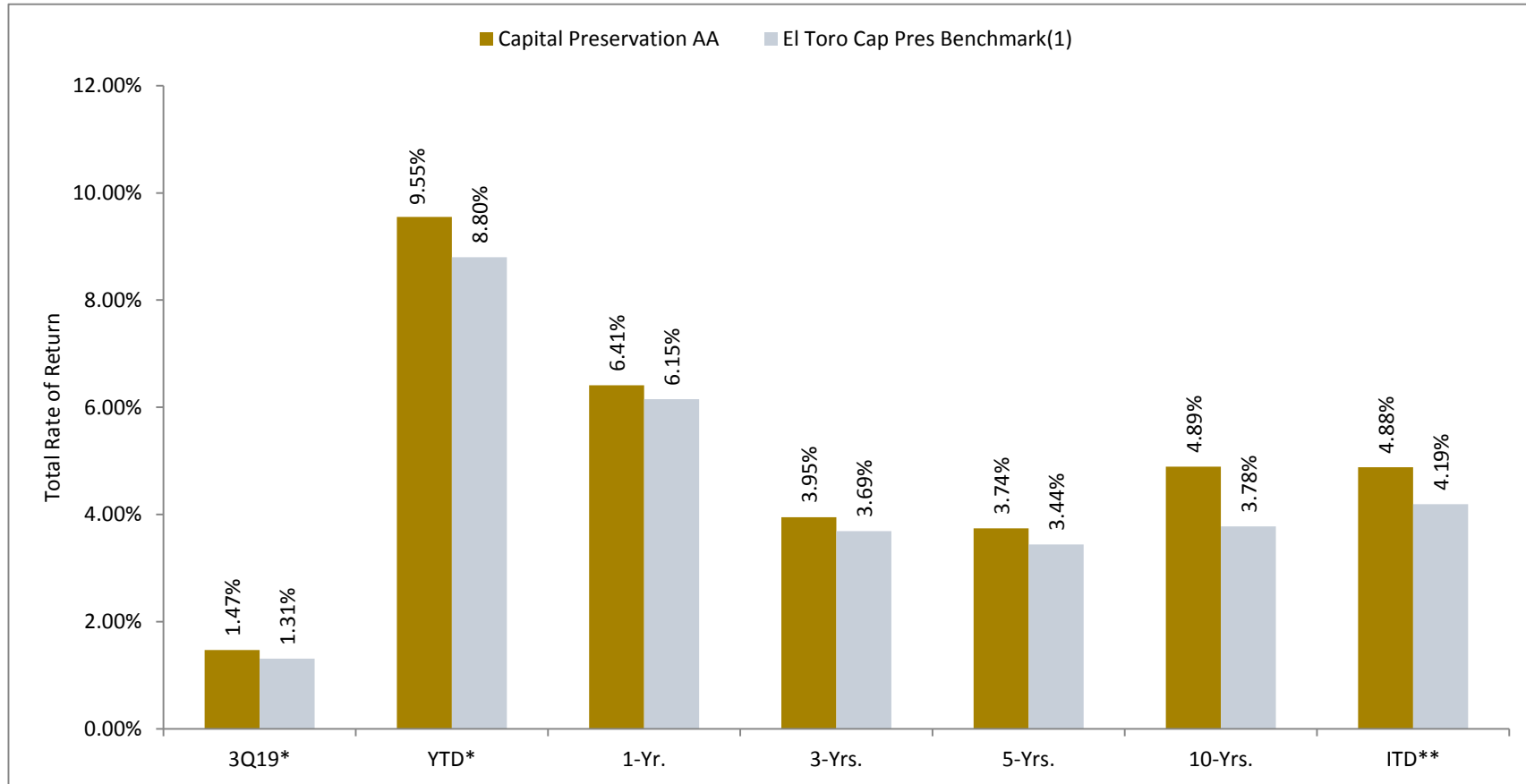
El Toro Water District - 401(k) Plan



INVESTMENT RETURNS - CAPITAL PRESERVATION PORTFOLIO

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return
as of September 30, 2019



*Returns for periods under one year are not annualized

**Inception date: January 2006

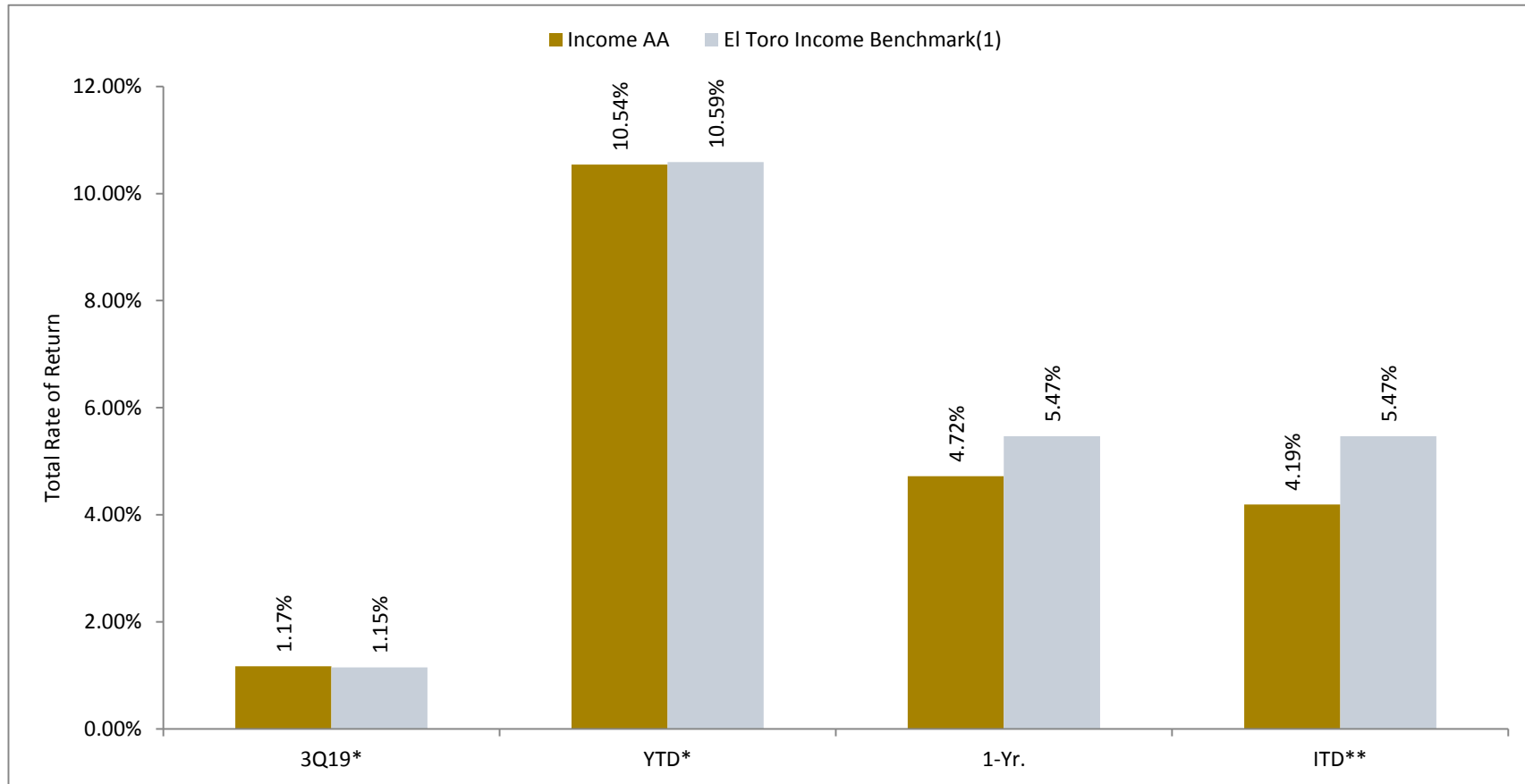
(1) El Toro Cap Pres Benchmark: 12% S&P 500, 2% Russell MidCap, 2% Russell 2000, 3% MSCI EAFE, 1% MSCI Emerging Markets, 44% Barclays US Aggregate Bond, 17% Barclays 1-3 Year Government/Credit Bond, 14% Wilshire Liquid Alternatives, 5% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - INCOME PORTFOLIO

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return
as of September 30, 2019



*Returns for periods under one year are not annualized

**Inception date: August 2018

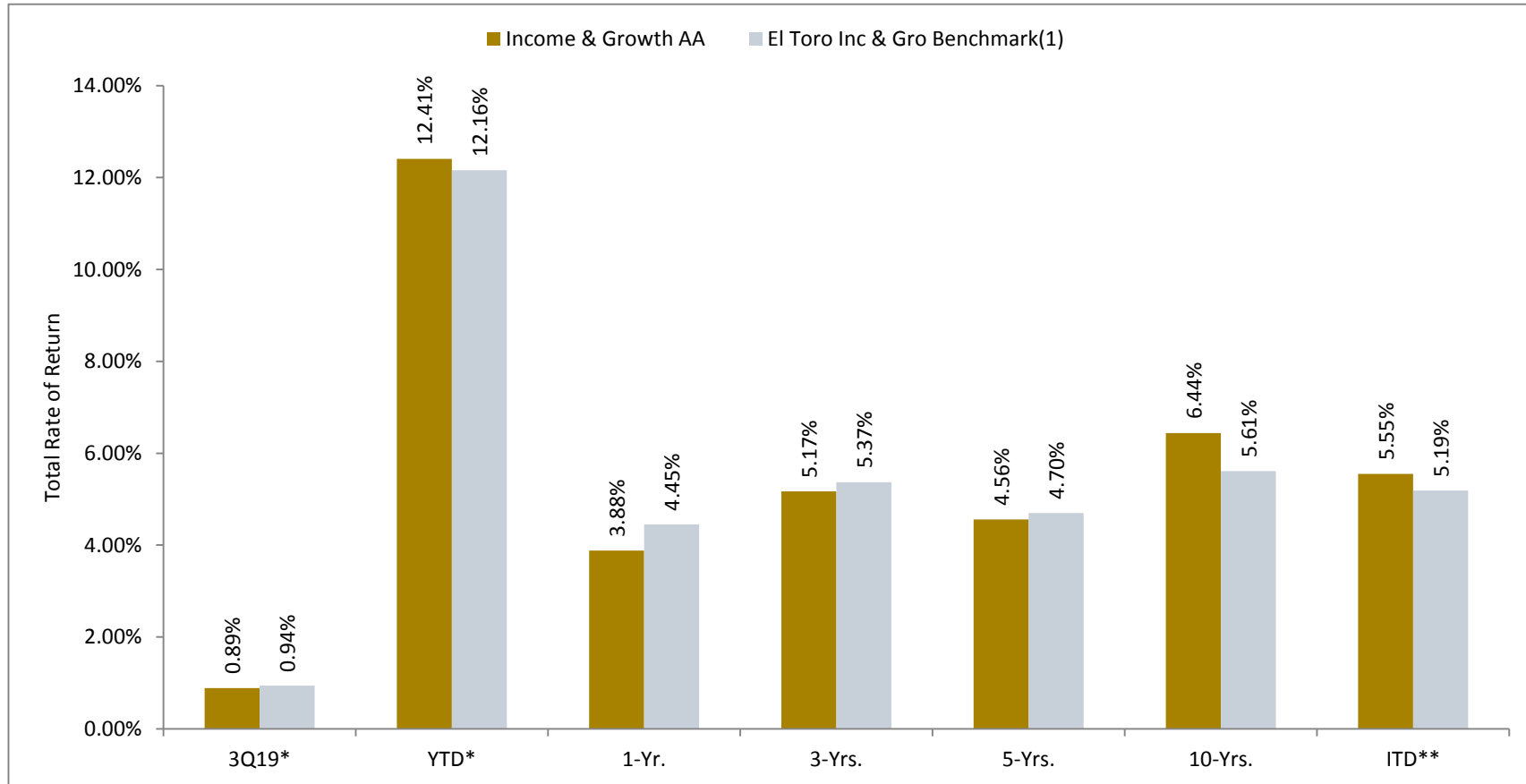
(1) El Toro Income Benchmark: 21% S&P 500, 3% Russell MidCap, 3% Russell 2000, 6% MSCI EAFE, 2% MSCI Emerging Market, 36% Barclays US Aggregate Bond, 14% Barclays 1-3 Year Government/Credit Bond, 13% Wilshire Liquid Alternatives, 2% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - INCOME & GROWTH PORTFOLIO

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return
as of September 30, 2019



*Returns for periods under one year are not annualized

**Inception date: January 2006

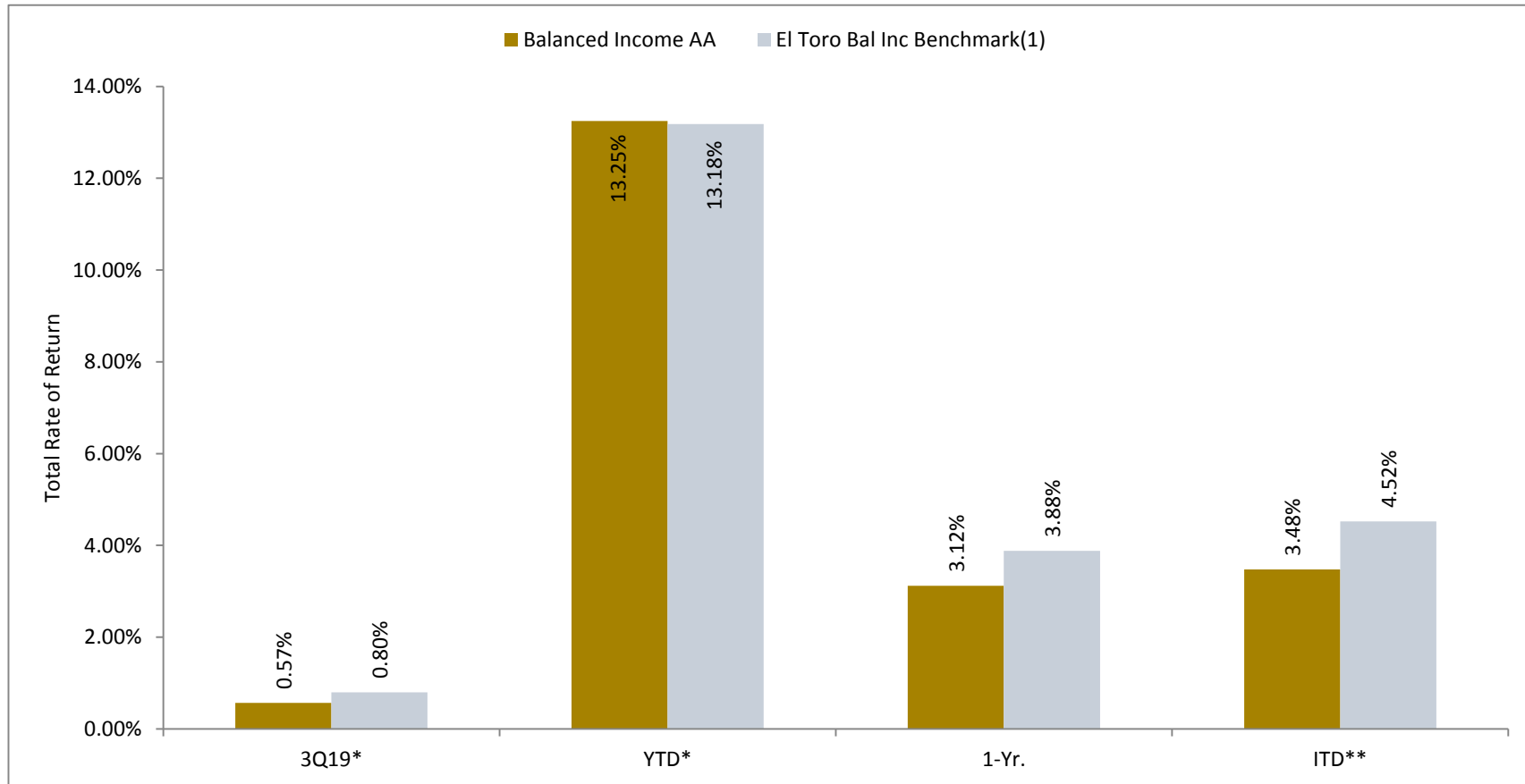
(1) El Toro Inc & Gro Benchmark: 30% S&P 500, 4% Russell MidCap, 4% Russell 2000, 9% MSCI EAFE, 3% MSCI Emerging Market, 25% Barclays US Aggregate Bond, 10% Barclays 1-3 Year Government/Credit Bond, 13% Wilshire Liquid Alternatives, 2% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - BALANCED INCOME PORTFOLIO

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return
as of September 30, 2019



*Returns for periods under one year are not annualized

**Inception date: August 2018

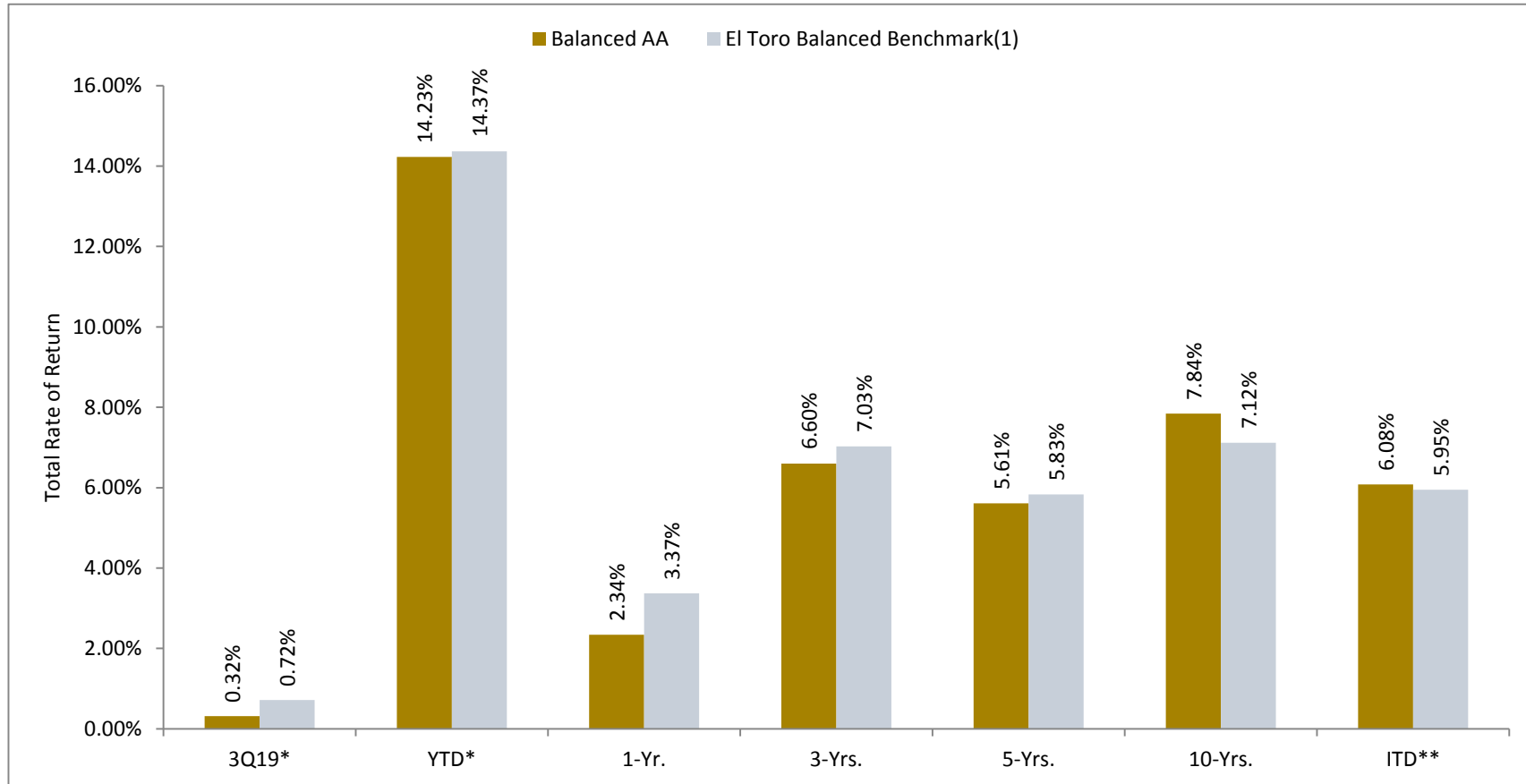
(1) El Toro Bal Inc Benchmark: 36% S&P 500, 4% Russell MidCap, 4% Russell 2000, 12% MSCI EAFE, 4% MSCI Emerging Market, 19% Barclays US Aggregate Bond, 8% Barclays 1-3 Year Government/Credit Bond, 12% Wilshire Liquid Alternatives, 1% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - BALANCED PORTFOLIO

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return
as of September 30, 2019



*Returns for periods under one year are not annualized

**Inception date: January 2006

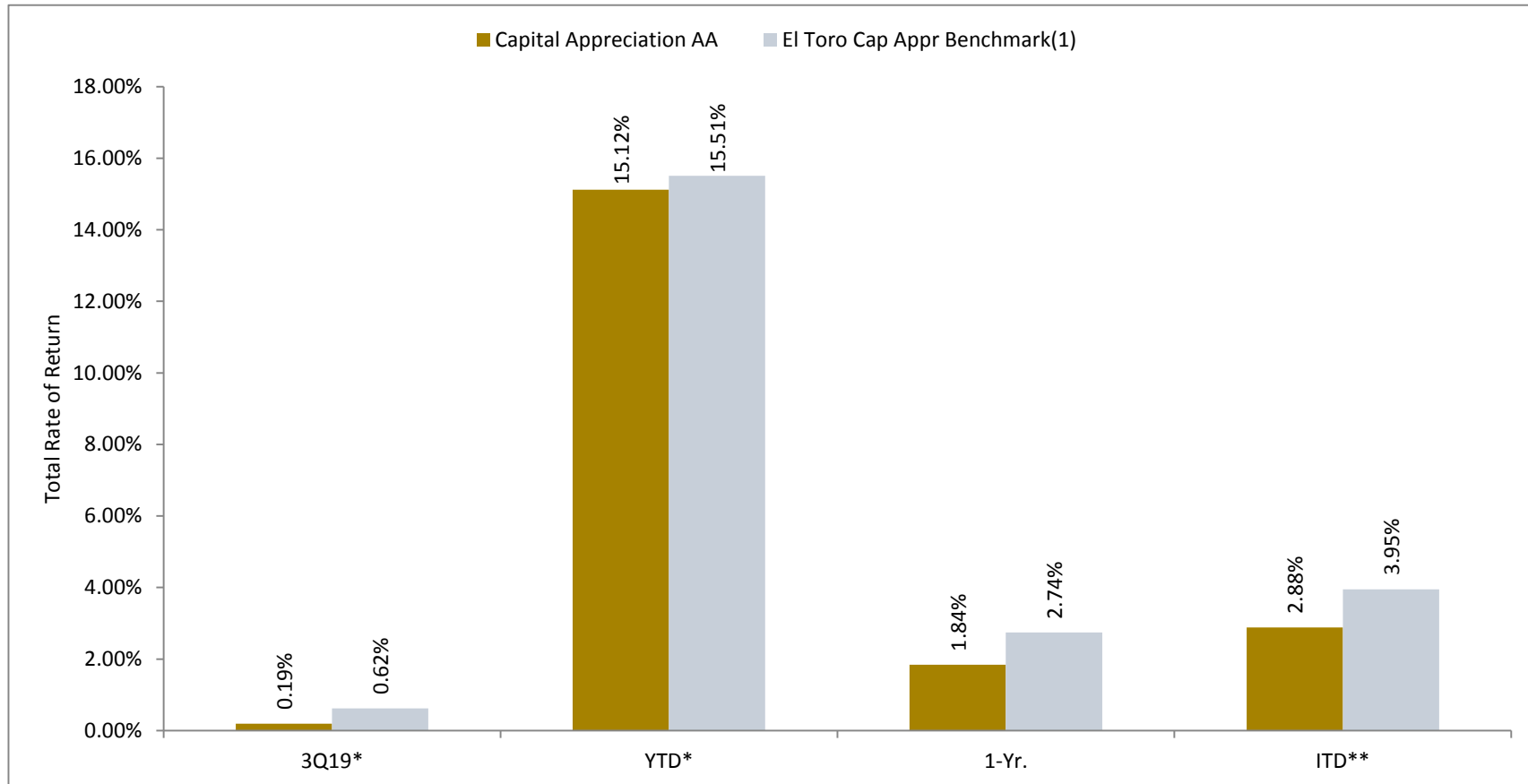
(1) El Toro Balanced Benchmark: 42% S&P 500, 5% Russell MidCap, 5% Russell 2000, 14% MSCI EAFE, 4% MSCI Emerging Market, 14% Barclays US Aggregate Bond, 6% Barclays 1-3 Year Government/Credit Bond, 9% Wilshire Liquid Alternatives, 1% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - CAPITAL APPRECIATION PORTFOLIO

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return
as of September 30, 2019



*Returns for periods under one year are not annualized

**Inception date: August 2018

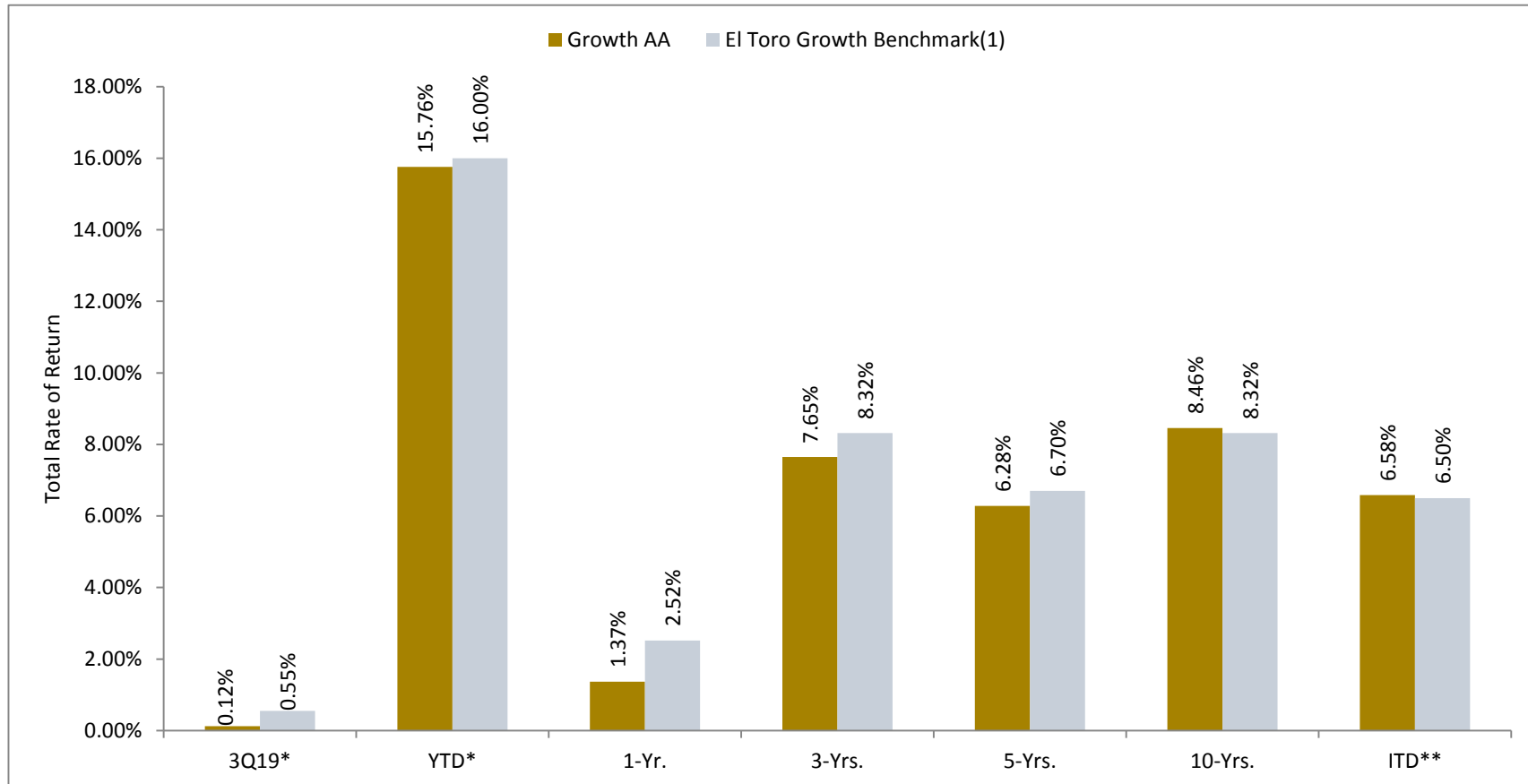
(1) El Toro Cap Appr Benchmark: 48% S&P 500, 6% Russell MidCap, 6% Russell 2000, 16% MSCI EAFE, 4% MSCI Emerging Market, 8% Barclays US Aggregate Bond, 4% Barclays 1-3 year Government/Credit, 7% Wilshire Liquid Alternatives, 1% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - GROWTH PORTFOLIO

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return
as of September 30, 2019



*Returns for periods under one year are not annualized

**Inception date: January 2006

(1) El Toro Growth Benchmark: 51% S&P 500, 6% Russell MidCap, 6% Russell 2000, 17% MSCI EAFE, 5% MSCI Emerging Market, 6% Barclays US Aggregate Bond, 3% Barclays 1-3 year Government/Credit, 5% Wilshire Liquid Alternatives, 1% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - FIXED INCOME FUNDS

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return (%) as of 09/30/2019

Ticker	Name	MStar Rating*	3-Mos.**	YTD**	1-Yr.	3-Yrs.	5-Yrs.	10-Yrs.
Short-Term Bond								
VFSUX	Vanguard Short-Term Investment-Grade Adm	4	0.99	5.18	5.88	2.46	2.48	2.83
Intermediate-Term Bond								
DODIX	Dodge & Cox Income	4	2.09	8.81	9.13	3.79	3.70	4.52
DBLFX	DoubleLine Core Fixed Income I	4	1.48	7.65	8.29	3.22	3.63	-
PTTRX	PIMCO Total Return Instl	4	2.36	8.58	10.08	3.56	3.58	4.32
PTRQX	PGIM Total Return Bond R6	5	2.68	10.74	12.25	4.43	4.66	5.77

*Morningstar overall rating

**Returns for periods under one year are not annualized

Returns are shown net of embedded expense ratios

Source: Morningstar Direct

INVESTMENT RETURNS - EQUITY FUNDS

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return (%) as of 09/30/2019

Ticker	Name	MStar Rating*	3-Mos.**	YTD**	1-Yr.	3-Yrs.	5-Yrs.	10-Yrs.
Large Blend								
COFYX	Columbia Contrarian Core Inst3	3	1.91	21.86	3.85	11.34	9.77	12.93
VGIAX	Vanguard Growth & Income Adm	4	1.52	19.28	2.32	12.67	10.52	13.24
Large Value								
DODGX	Dodge & Cox Stock	4	0.21	13.38	-2.00	11.34	8.10	12.01
PKAIX	PIMCO RAE US Instl	3	1.35	15.40	-0.86	9.57	-	-
Large Growth								
HNACX	Harbor Capital Appreciation Retirement	4	-2.11	18.62	-0.82	16.34	12.74	14.21
LSITX	ClearBridge Large Cap Growth IS	4	-0.45	21.25	5.07	15.39	13.44	14.58
Mid Blend								
VO	Vanguard Mid-Cap ETF	5	0.61	22.60	3.67	10.68	9.21	13.05
Small Blend								
DCZRX	Delaware Small Cap Core R6	4	-1.01	17.36	-7.36	9.76	8.88	12.94
VB	Vanguard Small-Cap ETF	5	-1.46	17.78	-3.80	9.63	8.62	12.38

*Morningstar overall rating

**Returns for periods under one year are not annualized

Returns are shown net of embedded expense ratios

Source: Morningstar Direct

INVESTMENT RETURNS - EQUITY FUNDS

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return (%) as of 09/30/2019

Ticker	Name	MStar Rating*	3-Mos.**	YTD**	1-Yr.	3-Yrs.	5-Yrs.	10-Yrs.
Small Growth								
RSEJX	Victory RS Small Cap Growth R6	4	-7.29	21.96	-6.42	16.10	11.94	14.72
Small Cap Value								
UBVFX	Undiscovered Managers Behavioral Val R6	4	-1.31	14.96	-8.51	6.20	7.66	12.72
Foreign Large Value								
DODFX	Dodge & Cox International Stock	3	-1.66	11.00	-2.75	5.26	0.64	4.92
Foreign Large Blend								
DFALX	DFA Large Cap International I	3	-0.99	12.98	-2.04	6.45	3.13	4.86
HEFA	iShares Currency Hedged MSCI EAFE ETF	5	2.49	18.45	4.47	10.16	7.10	-
Foreign Large Growth								
MGRDX	MFS International Growth R6	4	-1.17	16.76	3.06	10.07	7.35	7.38
Diversified Emerging Markets								
HHHFX	Hartford Schroders Emerging Mkts Eq F	4	-2.68	9.88	0.23	7.55	3.81	3.95

*Morningstar overall rating

**Returns for periods under one year are not annualized

Returns are shown net of embedded expense ratios

Source: Morningstar Direct

INVESTMENT RETURNS - ALTERNATIVE FUNDS

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return (%) as of 09/30/2019

Ticker	Name	MStar Rating*	3-Mos.**	YTD**	1-Yr.	3-Yrs.	5-Yrs.	10-Yrs.
Market Neutral								
QMNIX	AQR Equity Market Neutral I	2	-0.30	-8.74	-10.37	-3.89	-	-
BSIKX	BlackRock Strategic Income Opps K	4	0.89	6.10	5.55	3.89	2.88	4.64
BILPX	BlackRock Event Driven Equity Instl	5	1.54	5.78	7.20	6.77	5.53	9.88
Managed Futures								
AQMIX	AQR Managed Futures Strategy I	2	2.33	4.64	-1.68	-4.58	-0.64	-
AMFNX	Natixis ASG Managed Futures Strategy N	3	6.10	13.12	6.65	0.41	1.51	-
Merger Arbitrage								
ARBNX	Arbitrage I	4	1.05	2.44	4.26	2.78	2.63	2.32
Global Macro								
EGRSX	Eaton Vance Gbl Macro Abs Ret Advtg R6	3	2.98	9.04	6.21	2.06	3.40	-
LAOSX	Western Asset Macro Opportunities IS	5	0.78	10.23	12.59	5.85	5.20	-
Fund of Hedge Funds								
BXMIX	Blackstone Alternative Multi-Strategy I	4	-0.55	4.53	1.80	3.56	2.88	-
QSPIX	AQR Style Premia Alternative I	2	0.58	-4.66	-10.11	-1.41	1.70	-
REITs								
ICF	iShares Cohen & Steers REIT ETF	4	7.05	27.70	22.93	8.04	10.91	13.06

*Morningstar overall rating

**Returns for periods under one year are not annualized

Returns are shown net of embedded expense ratios

Source: Morningstar Direct

INVESTMENT RETURNS & RANKINGS - FIXED INCOME FUNDS

El Toro Water District - 401(k) Plan

Ticker	Name	Annualized Total Rate of Return (%) as of 09/30/2019																					Lipper Category	
		Exp Ratio	MStar Rtg*	3-Mos**			YTD**			1-Year			3-Years			5-Years			10-Years			3 Yr Shrp%		3 Yr SD
				Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg			
Short-Term Bond																								
VFSUX	Vanguard Short-Term Investment-Grade Adm	0.10	4	0.99	19	9	5.18	16	5	5.88	15	5	2.46	21	23	2.48	11	10	2.83	18	15	0.66	1.34	Lipper Sht Inv Grade Debt Funds
Peer Group	US Fund Short-Term Bond			0.78			4.08			4.57			2.11			1.83			2.23			0.47	1.12	
Index	BBgBarc US Govt/Credit 1-3 Yr TR USD			0.69			3.42			4.64			1.82			1.59			1.52			0.22	0.99	
Intermediate-Term Bond																								
DBLFX	DoubleLine Core Fixed Income I	0.42	4	1.48	82	86	7.65	77	86	8.29	77	86	3.22	48	53	3.63	27	36	-	-	n.a.	0.64	2.56	Lipper Core Plus Bond Funds
DODIX	Dodge & Cox Income	0.42	4	2.09	49	62	8.81	51	79	9.13	64	79	3.79	17	5	3.70	22	11	4.52	39	15	0.92	2.38	Lipper Core Bond Funds
PTTRX	PIMCO Total Return Instl	0.71	4	2.36	19	25	8.58	62	35	10.08	30	35	3.56	24	34	3.58	33	40	4.32	53	54	0.61	3.23	Lipper Core Plus Bond Funds
PTRQX	PGIM Total Return Bond R6	0.41	5	2.68	2	6	10.74	3	3	12.25	1	3	4.43	5	3	4.66	3	5	5.77	6	n.a.	0.78	3.64	Lipper Core Plus Bond Funds
Peer Group	US Fund Intermediate Core Bond			1.99			7.89			9.35			2.58			2.95			3.59			0.32	3.08	
Index	BBgBarc US Agg Bond TR USD			2.27			8.52			10.30			2.92			3.38			3.75			0.41	3.35	

*Morningstar overall rating

**Returns for periods under one year are not annualized

Returns are shown net of embedded expense ratios. Mstar Rnkg - Fund's ranking within Morningstar's category ("Peer Group"). Funds are ranked in descending order by return. For example, a Fund with a 20 ranking indicates that it is ranked in the top 20th percentile.

Source: Morningstar Direct; Wilshire Compass (Lipper Rankings)

INVESTMENT RETURNS & RANKINGS - EQUITY FUNDS

El Toro Water District - 401(k) Plan

Ticker	Name	Annualized Total Rate of Return (%) as of 09/30/2019																					Lipper Category	
		Exp Ratio	MStar Rtg*	3-Mos**			YTD**			1-Year			3-Years			5-Years			10-Years			3 Yr Shrp%		3 Yr SD
				Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg			
Large Blend																								
COFYX	Columbia Contrarian Core Inst3	0.63	3	1.91	33	32	21.86	17	46	3.85	42	46	11.34	63	67	9.77	41	41	12.93	22	n.a.	0.79	12.68	Lipper Large-Cap Core Funds
VGIAX	Vanguard Growth & Income Adm	0.23	4	1.52	51	50	19.28	58	61	2.32	64	61	12.67	41	44	10.52	23	25	13.24	8	12	0.90	12.37	Lipper Large-Cap Core Funds
Peer Group	US Fund Large Blend			1.45			18.98			3.00			11.70			8.98			11.76			0.83	12.47	
Index	Russell 1000 TR USD			1.42			20.53			3.87			13.19			10.62			13.23			0.94	12.32	
Index	S&P 500 TR USD			1.70			20.55			4.25			13.39			10.84			13.24			0.96	12.18	
Large Value																								
DODGX	Dodge & Cox Stock	0.52	4	0.21	86	86	13.38	87	88	-2.00	83	88	11.34	14	11	8.10	34	20	12.01	17	10	0.72	14.08	Lipper Large-Cap Value Funds
PKAIX	PIMCO RAE US Instl	0.40	3	1.35	59	36	15.40	69	53	-0.86	75	53	9.57	50	32	-	-	n.a.	-	-	n.a.	0.65	13.00	Lipper Large-Cap Core Funds
Peer Group	US Fund Large Value			1.52			16.43			1.93			9.43			7.30			10.66			0.66	12.73	
Index	Russell 1000 Value TR USD			1.36			17.81			4.00			9.43			7.79			11.46			0.66	12.34	
Large Growth																								
HNACX	Harbor Capital Appreciation Retirement	0.57	4	-2.11	81	83	18.62	75	82	-0.82	77	82	16.34	28	37	12.74	27	n.a.	14.21	27	n.a.	0.99	14.88	Lipper Large-Cap Growth Funds
LSITX	ClearBridge Large Cap Growth IS	0.65	4	-0.45	60	57	21.25	45	25	5.07	22	25	15.39	41	56	13.44	16	22	14.58	19	n.a.	1.04	13.09	Lipper Large-Cap Growth Funds
Peer Group	US Fund Large Growth			-0.47			20.54			1.87			14.62			11.04			13.13			0.96	13.84	
Index	Russell 1000 Growth TR USD			1.49			23.30			3.71			16.89			13.39			14.94			1.12	13.30	
Mid Core																								
VO	Vanguard Mid-Cap ETF	0.04	5	0.61	40	61	22.60	11	21	3.67	20	21	10.68	20	17	9.21	15	16	13.05	8	8	0.71	13.23	Lipper Mid-Cap Core Funds
Peer Group	US Fund Mid-Cap Blend			0.10			17.73			-1.36			8.47			6.61			10.94			0.54	14.32	
Index	Russell Mid Cap TR USD			0.48			21.93			3.19			10.69			9.10			13.07			0.71	13.44	

*Morningstar overall rating

**Returns for periods under one year are not annualized

Returns are shown net of embedded expense ratios. Mstar Rnkg - Fund's ranking within Morningstar's category ("Peer Group"). Funds are ranked in descending order by return. For example, a Fund with a 20 ranking indicates that it is ranked in the top 20th percentile.

Source: Morningstar Direct; Wilshire Compass (Lipper Rankings)

INVESTMENT RETURNS & RANKINGS - EQUITY FUNDS

El Toro Water District - 401(k) Plan

Ticker	Name	Annualized Total Rate of Return (%) as of 09/30/2019																					Lipper Category	
		Exp Ratio	MStar Rtg*	3-Mos**			YTD**			1-Year			3-Years			5-Years			10-Years			3 Yr Shrp%		3 Yr SD
				Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg			
Small Value																								
UBVFX	Undiscovered Managers Behavioral Val R6	0.8	4	-1.31	68	58	14.96	28	59	-8.51	45	59	6.20	28	64	7.66	15	40	12.72	1	n.a.	0.33	18.64	Lipper Small-Cap Value Funds
Peer Group	US Fund Small Value			-0.57			12.30			-9.38			4.92			5.03			9.36			0.27	18.23	
Index	Russell 2000 Value TR USD			-0.57			12.82			-8.24			6.54			7.17			10.06			0.35	17.67	
Small Blend																								
DCZRX	Delaware Small Cap Core R6	0.74	4	-1.01	47	49	17.36	23	47	-7.36	45	47	9.76	12	11	8.88	17	n.a.	12.94	4	n.a.	0.52	17.66	Lipper Small-Cap Core Funds
VB	Vanguard Small-Cap ETF	0.05	5	-1.46	59	61	17.78	19	19	-3.80	20	19	9.63	13	12	8.62	22	22	12.38	10	9	0.56	15.66	Lipper Small-Cap Core Funds
Peer Group	US Fund Small Blend			-1.27			14.25			-7.72			7.21			6.89			10.68			0.41	16.94	
Index	Russell 2000 TR USD			-2.40			14.18			-8.89			8.23			8.19			11.19			0.45	17.21	
Small Growth																								
RSEJX	Victory RS Small Cap Growth R6	1.06	4	-7.29	84	81	21.96	23	81	-6.42	45	55	16.10	15	n.a.	11.94	19	n.a.	14.72	9	n.a.	0.84	17.92	Lipper Small-Cap Growth Funds
Peer Group	US Fund Small Growth			-4.17			16.80			-7.52			11.52			9.63			12.29			0.62	17.42	
Index	Russell 2000 Growth TR USD			-4.17			15.34			-9.63			9.79			9.08			12.25			0.53	17.47	

*Morningstar overall rating

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Source: Morningstar Direct; Wilshire Compass (Lipper Rankings)

INVESTMENT RETURNS & RANKINGS - EQUITY FUNDS

El Toro Water District - 401(k) Plan

Ticker	Name	Annualized Total Rate of Return (%) as of 09/30/2019																					Lipper Category	
		Exp Ratio	MStar Rtg*	3-Mos**			YTD**			1-Year			3-Years			5-Years			10-Years			3 Yr Shrp%		3 Yr SD
				Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg			
Foreign Large Blend																								
DFALX	DFA Large Cap International I	0.3	3	-0.99	37	26	12.98	31	42	-2.04	51	42	6.45	24	16	3.13	45	35	4.86	37	34	0.46	11.51	Lipper International Large-Cap Core
HEFA	iShares Currency Hedged MSCI EAFE ETF	0.03	5	2.49	1	1	18.45	2	4	4.47	3	4	10.16	1	2	7.10	1	2	-	-	n.a.	0.86	9.99	Lipper International Multi-Cap Core
Peer Group	US Fund Foreign Large Blend			-1.28			12.13			-2.04			5.55			2.92			4.51			0.39	11.55	
Peer Group	US Fund Europe Stock			-1.41			14.19			-0.92			6.24			3.20			4.69			0.41	12.90	
Index	MSCI EAFE NR USD			-1.07			12.80			-1.34			6.48			3.27			4.90			0.48	11.07	
Index	MSCI ACWI Ex USA NR USD			-1.80			11.56			-1.23			6.33			2.90			4.45			0.45	11.45	
Foreign Large Value																								
DODFX	Dodge & Cox International Stock	0.63	3	-1.66	53	57	11.00	20	42	-2.75	26	42	5.26	29	51	0.64	70	84	4.92	14	22	0.32	13.67	Lipper International Large-Cap Growth
Peer Group	US Fund Foreign Large Value			-1.65			8.75			-4.43			4.17			1.00			3.54			0.27	11.82	
Index	MSCI EAFE Value NR USD			-1.74			7.67			-4.92			5.10			0.99			3.23			0.34	11.77	
Index	MSCI ACWI Ex USA Value NR USD			-2.80			6.94			-4.51			5.24			0.89			3.05			0.36	11.74	
Foreign Large Growth																								
MGRDX	MFS International Growth R6	0.76	4	-1.17	48	35	16.76	52	27	3.06	26	27	10.07	11	6	7.35	12	8	7.38	19	9	0.75	11.50	Lipper International Multi-Cap Growth
Peer Group	US Fund Foreign Large Growth			-1.24			16.79			0.61			7.18			4.94			6.29			0.43	12.39	
Index	MSCI EAFE Growth NR USD			-0.45			17.94			2.21			7.77			5.49			6.52			0.57	11.43	
Index	MSCI ACWI Ex USA Growth NR USD			-0.85			16.21			2.03			7.37			4.86			5.82			0.52	11.97	
Diversified Emerging Markets																								
HHHFX	Hartford Schroders Emerging Mkts Eq F	1.08	4	-2.68	28	35	9.88	31	50	0.23	45	50	7.55	17	n.a.	3.81	13	n.a.	3.95	33	n.a.	0.47	14.38	Lipper Emerging Markets Funds
Peer Group	US Fund Diversified Emerging Mkts			-3.64			7.99			-0.03			5.06			1.66			3.40			0.31	13.70	
Index	MSCI EM NR USD			-4.25			5.89			-2.02			5.97			2.33			3.37			0.37	14.04	

*Morningstar overall rating

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Source: Morningstar Direct; Wilshire Compass (Lipper Rankings)

INVESTMENT RETURNS & RANKINGS - ALTERNATIVE FUNDS

El Toro Water District - 401(k) Plan

Ticker	Name	Annualized Total Rate of Return (%) as of 09/30/2019																							Lipper Category
		Exp Ratio	MStar Rtg*	3-Mos**			YTD**			1-Year			3-Years			5-Years			10-Years			3 Yr Shrp%	3 Yr SD		
				Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg				
Market Neutral																									
QMNIX	AQR Equity Market Neutral I	1.99	2	-0.30	74	56	-8.74	93	88	-10.37	94	88	-3.89	91	84	-	-	n.a.	-	-	n.a.	-0.88	6.02	Lipper Alt Equity Mkt Neutral	
BSIKX	BlackRock Strategic Income Opps K	1	4	0.89	40	50	6.10	40	30	5.55	24	30	3.89	31	47	2.88	36	n.a.	4.64	16	n.a.	1.28	1.72	Lipper Alt Credit Focus Funds	
BILPX	BlackRock Event Driven Equity Instl	1.36	5	1.54	23	20	5.78	13	9	7.20	3	9	6.77	1	12	5.53	-	1	9.88	-	1	1.52	3.29	Lipper Alt Event Driven Funds	
Managed Futures																									
AQMIX	AQR Managed Futures Strategy I	1.16	2	2.33	62	63	4.64	59	79	-1.68	76	79	-4.58	91	91	-0.64	79	85	-	-	n.a.	-0.67	8.89	Lipper Alt Managed Futures	
AMFNX	Natixis ASG Managed Futures Strategy N	1.36	3	6.10	12	13	13.12	17	27	6.65	26	27	0.41	47	n.a.	1.51	56	n.a.	-	-	n.a.	-0.04	11.86	Lipper Alt Managed Futures	
Merger Arbitrage																									
ARBNX	Arbitrage I	1.68	4	1.05	41	33	2.44	36	33	4.26	24	33	2.78	39	60	2.63	17	51	2.32	28	77	0.62	1.88	Lipper Alt Event Driven Funds	
Global Macro																									
EGRSX	Eaton Vance Glbl Macro Abs Ret Advtg R6	1.1	3	2.98	4	6	9.04	8	20	6.21	17	20	2.06	76	n.a.	3.40	18	n.a.	-	-	n.a.	0.13	4.00	Lipper Alt Global Macro Funds	
LAOSX	Western Asset Macro Opportunities IS	1.21	5	0.78	50	59	10.23	5	1	12.59	1	1	5.85	5	8	5.20	2	1	-	-	n.a.	0.66	6.55	Lipper Alt Credit Focus Funds	
Fund of Hedge Funds																									
BXMIX	Blackstone Alternative Multi-Strategy I	3.19	4	-0.55	81	83	4.53	63	35	1.80	43	35	3.56	22	20	2.88	16	14	-	-	n.a.	0.56	3.49	Lipper Alt Multi-Strategy Funds	
QSPIX	AQR Style Premia Alternative I	2.24	2	0.58	46	55	-4.66	97	99	-10.11	97	99	-1.41	94	91	1.70	39	54	-	-	n.a.	-0.45	6.23	Lipper Absolute Return	
REITs																									
ICF	iShares Cohen & Steers REIT ETF	0.34	4	7.05	56	59	27.70	44	9	22.93	11	9	8.04	36	32	10.91	18	17	13.06	29	23	0.56	12.38	Lipper Real Estate Funds	

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Source: Morningstar Direct; Wilshire Compass (Lipper Rankings)

TARGET FUND ALLOCATIONS

El Toro Water District - 401(k) Plan

	Capital Preservation	Income	Income & Growth	Balanced Income	Balanced	Capital Appreciation	Growth	Ticker	Fund Name
Equity	19%	33%	48%	59%	68%	80%	82%		
Large Cap Blend	2.90%	4.92%	7.90%	9.42%	10.79%	12.40%	11.95%	COFYX	Columbia Contrarian Core Inst3
	2.86%	4.86%	8.13%	9.30%	10.59%	12.17%	11.98%	VGIAX	Vanguard Growth & Income Adm
Large Cap Growth	1.44%	2.46%	3.02%	4.06%	4.40%	5.97%	5.69%	HNACX	Harbor Capital Appreciation Retirement
	1.33%	2.28%	2.77%	3.75%	4.42%	5.51%	5.66%	LSITX	ClearBridge Large Cap Growth IS
Large Cap Value	1.43%	2.45%	3.00%	4.07%	4.57%	6.02%	5.93%	PKAIX	PIMCO RAE US Instl
	1.40%	2.40%	2.93%	3.98%	4.48%	5.81%	5.80%	DODGX	Dodge & Cox Stock
Mid Cap Blend	0.48%	1.26%	1.48%	1.60%	2.43%	1.36%	3.83%	VO	Vanguard Mid-Cap ETF
Small Cap Blend	0.64%	1.75%	1.63%	1.27%	1.94%	2.05%	2.10%	DCZRX	Delaware Small Cap Core R6
	0.43%	0.64%	1.39%	1.34%	1.89%	2.01%	2.08%	VB	Vanguard Small-Cap ETF
Small Cap Growth	0.77%	0.97%	1.96%	2.68%	2.91%	3.38%	3.59%	RSEJX	Victory RS Small Cap Growth R6
Small Cap Value	0.83%	1.02%	2.17%	2.88%	3.13%	3.55%	3.77%	UBVFX	Undiscovered Managers Behavioral Val R6
Foreign Large Blend	1.06%	1.44%	1.61%	1.94%	2.03%	2.55%	3.24%	HEFA	iShares Currency Hedged MSCI EAFE ETF
	1.49%	2.71%	5.08%	5.89%	7.56%	8.11%	7.04%	DFALX	DFA Large Cap International I
Foreign Large Growth	0.48%	0.96%	1.08%	1.44%	1.63%	1.90%	2.48%	MGRDX	MFS International Growth R6
Foreign Large Value	0.45%	0.95%	1.15%	1.35%	1.63%	1.91%	2.20%	DODFX	Dodge & Cox International Stock
Emerging Markets	1.22%	2.34%	3.16%	3.61%	4.21%	4.89%	5.04%	HHHFX	Hartford Schroders Emerging Mkts Eq F
Alternatives	13%	12%	12%	12%	8%	6%	4%		
Global Macro	1.71%	1.50%	1.52%	1.49%	1.01%	0.82%	0.54%	EGRSX	Eaton Vance Gbl Macro Abs Ret Advtg R6
	1.67%	1.47%	1.54%	1.51%	1.02%	0.80%	0.53%	LAOSX	Western Asset Macro Opportunities IS
Managed Futures	1.33%	1.37%	1.39%	1.30%	0.84%	0.70%	0.48%	AQMIX	AQR Managed Futures Strategy I
	1.37%	1.42%	1.44%	1.35%	0.87%	0.72%	0.50%	AMFNX	Natixis ASG Managed Futures Strategy N
Merger/Arbitrage	1.27%	0.77%	1.29%	1.27%	0.83%	0.65%	0.46%	ARBFX	Arbitrage I
Market Neutral	0.53%	0.30%	0.50%	0.49%	0.28%	0.24%	0.17%	QMNIX	AQR Equity Market Neutral I
	0.75%	0.74%	0.70%	0.74%	0.50%	0.41%	0.30%	BSIKX	BlackRock Strategic Income Opps K
	0.49%	0.69%	0.30%	0.25%	0.15%	0.25%	0.15%	BILPX	BlackRock Event Driven Equity Instl
Multi-Strategy / Fund of Funds	1.75%	1.73%	1.47%	1.49%	0.98%	0.74%	0.57%	BXMIX	Blackstone Alternative Multi-Strategy I
	1.23%	0.98%	1.15%	1.03%	0.72%	0.47%	0.39%	QSPIX	AQR Style Premia Alternative I
REITs	1.27%	0.74%	0.72%	0.67%	0.49%	0.44%	0.27%	ICF	iShares Cohen & Steers REIT ETF
Fixed Income	61%	50%	35%	27%	20%	11%	8%		
Short Term Bond	8.96%	4.84%	4.95%	3.45%	2.46%	1.12%	0.28%	VFSUX	Vanguard Short-Term Investment-Grade Adm
Intermediate-Term Bond	12.74%	11.07%	7.51%	5.83%	4.29%	2.34%	1.82%	DBLFX	DoubleLine Core Fixed Income I
	12.87%	11.21%	7.59%	5.92%	4.33%	2.36%	1.84%	PTTRX	PIMCO Total Return Instl
	13.13%	11.28%	7.75%	6.05%	4.36%	2.41%	1.88%	PTRQX	PGIM Total Return Bond R6
	12.85%	11.17%	7.58%	5.88%	4.31%	2.36%	1.84%	DODIX	Dodge & Cox Income
Cash	7%	5%	4%	3%	4%	4%	6%		
Cash & Equivalents	6.88%	5.32%	4.13%	2.71%	4.29%	3.59%	5.58%	FIGXX	Fidelity Money Market Government Portfolio I
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%		

Target Allocations are subject to change without notice.

INVESTMENT PORTFOLIO SUMMARY - CAPITAL PRESERVATION

El Toro Water District - 401(k) Plan

Data as of: 09/30/2019

Portfolio Manager:
Keith Stribling, CFA

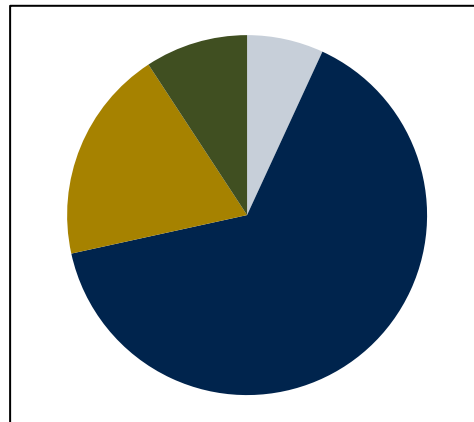
Account Snapshot

Asset Class	Market Value	Tax Cost	Est. Annual Income	Current Yield (%)
Cash & Equivalents	\$227,849.74	\$227,849.74	\$603.80	0.27%
Fixed Income	\$2,142,916.42	\$2,097,699.23	\$69,001.91	3.22%
Equities	\$636,089.76	\$593,578.62	\$9,770.34	1.54%
Alternatives	\$305,892.85	\$310,972.45	\$3,162.93	1.03%
Other	\$0.00	\$0.00	\$0.00	0.00%
Total	\$3,312,748.77	\$3,230,100.04	\$82,538.98	2.49%

Yields are gross of any fees and reflect the reinvestment of dividends and other income

Asset Allocation

6.9%	Cash & Equivalents
64.7%	Fixed Income
19.2%	Equities
9.2%	Alternatives
0.0%	Other



Income Summary (1, 2)

Cash & Equivalents Income Earned YTD	\$1,107
Taxable Fixed Income Income Earned YTD	\$15,950
Tax-Exempt Fixed Income Income Earned YTD	\$0
Equity Income Earned YTD	\$2,132
Alternative Income Earned YTD	\$220
Other Income Earned YTD	\$0
Total	\$19,408

Net Gain/Loss Summary (3)

	Realized	Unrealized
Net Short Term Gain/Loss	\$0	
Net Long Term Gain/Loss	\$345	
Total	\$345	\$82,649

(1) As of 09/30/2019

(2) Information is calculated on a calendar year basis and includes income, dividends, and capital gain distributions

(3) Gain/Loss information is for informational purposes only.

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Third Quarter 2019

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
CASH EQUIVALENTS								
MONEY MARKET FUNDS/CASH								
n.a.	n.a.	CASH	(4,113.4300)	(\$4,113.43)	1.00	(\$4,113.43)	-1.81%	-0.12%
FPZXX	n.a.	CASH FUND	231,963.17	\$231,963.17	1.00	\$231,963.17	101.81%	7.00%
TOTAL CASH				\$227,849.74		\$227,849.74		6.88% T
FIXED INCOME								
Short-Term Bond Funds								
VFSUX	922031836	Vanguard Short-Term Investment-Grade Adm	27,645.64	292,992.30	10.74	296,914.18	14.80%	8.96%
				\$292,992.30		\$296,914.18		8.96% T
Intermediate-Term Bond Funds								
DBLFX	258620301	DoubleLine Core Fixed Income I	37,905.50	412,428.71	11.13	421,888.17	21.03%	12.74%
DODIX	256210105	Dodge & Cox Income	30,215.92	415,238.15	14.09	425,742.33	21.22%	12.85%
PTRQX	74440B884	PGIM Total Return Bond R6	28,948.92	422,343.08	15.03	435,102.19	21.69%	13.13%
PTRRX	693390700	PIMCO Total Return Instl	40,572.68	424,281.83	10.51	426,418.85	21.26%	12.87%
				\$1,674,291.77		\$1,709,151.54		51.59% T
TOTAL FIXED INCOME				\$1,967,284.07		\$2,006,065.72		60.56% T
EQUITY								
Large Cap Blend Funds								
COFYX	19766M709	Columbia Contrarian Core Inst3	3,601.88	82,049.49	26.65	95,990.02	15.09%	2.90%
VGIAX	921913208	Vanguard Growth & Income Adm	1,173.38	84,425.11	80.74	94,738.62	14.89%	2.86%
				\$166,474.60		\$190,728.64		5.76% T
Large Cap Value Funds								
DODGX	256219106	Dodge & Cox Stock	248.66	46,402.92	186.65	46,411.46	7.30%	1.40%
PKAIX	72202L462	PIMCO RAE US Instl	4,222.65	45,952.68	11.24	47,462.57	7.46%	1.43%
				\$92,355.60		\$93,874.03		2.83% T
Large Cap Growth Funds								
HNACX	411512528	Harbor Capital Appreciation Retirement	647.51	43,639.63	73.45	47,559.32	7.48%	1.44%
LSITX	52469H255	ClearBridge Large Cap Growth IS	835.77	39,357.02	52.6	43,961.66	6.91%	1.33%
				\$82,996.65		\$91,520.98		2.76% T

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Third Quarter 2019

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
Mid Cap Blend Funds								
VO	922908629	Vanguard Mid-Cap ETF	95.00	15,449.80	167.6	15,922.00	2.50%	0.48% T
Small Cap Value Funds								
UBVFX	904504479	Undiscovered Managers Behavioral Val R6	446.61	29,353.40	61.54	27,484.50	4.32%	0.83% T
Small Cap Blend Funds								
DCZR	246108826	Delaware Small Cap Core R6	935.36	22,201.96	22.51	21,055.00	3.31%	0.64%
VB	922908751	Vanguard Small-Cap ETF	93.00	13,980.94	153.89	14,311.77	2.25%	0.43%
				<u>\$36,182.90</u>		<u>\$35,366.77</u>		<u>1.07% T</u>
Small Cap Growth Funds								
RSEJ	92647Q363	Victory RS Small Cap Growth R6	327.97	26,483.85	77.85	25,532.70	4.01%	0.77% T
Foreign Large Value Funds								
DODFX	256206103	Dodge & Cox International Stock	365.11	15,092.06	40.97	14,958.72	2.35%	0.45% T
Foreign Large Blend Funds								
DFALX	233203868	DFA Large Cap International I	2,243.02	47,776.91	22.05	49,458.52	7.78%	1.49%
HEFA	46434V803	iShares Currency Hedged MSCI EAFE ETF	1,172.00	30,911.65	29.94	35,089.68	5.52%	1.06%
				<u>\$78,688.56</u>		<u>\$84,548.20</u>		<u>2.55% T</u>
Foreign Large Growth Funds								
MGRDX	552746356	MFS International Growth R6	458.52	12,812.00	34.55	15,841.94	2.49%	0.48% T
Diversified Emerging Markets								
HHFX	41665X859	Hartford Schoders Emerging Mkts Eq F	2,645.10	37,689.20	15.24	40,311.28	6.34%	1.22%
				<u>\$37,689.20</u>		<u>\$40,311.28</u>		<u>1.22% T</u>
TOTAL EQUITY					\$593,578.62		\$636,089.76	19.20% T

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Third Quarter 2019

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
ALTERNATIVES								
Market Neutral								
QMNIX	00191K799	AQR Equity Market Neutral I	1,792.86	20,832.76	9.82	17,605.90	2.77%	0.53%
BILPX	09250J734	BlackRock Event Driven Equity Instl	1,658.78	16,206.25	9.88	16,388.72	2.58%	0.49%
BSIKX	09260B374	BlackRock Strategic Income Opps K	2,511.38	24,766.31	9.92	24,912.87	3.92%	0.75%
				\$61,805.32		\$58,907.49		1.78% T
Managed Futures								
AQMIX	00203H859	AQR Managed Futures Strategy I	4,991.57	48,192.70	8.8	43,925.80	6.91%	1.33%
AMFNX	63873P825	Natixis ASG Managed Futures Strategy N	4,435.94	46,780.89	10.26	45,512.73	7.16%	1.37%
				\$94,973.59		\$89,438.53		2.70% T
Merger Arbitrage								
ARBNX	03875R205	Arbitrage I	3,117.67	40,687.49	13.45	41,932.61	6.59%	1.27% T
Global Macro								
EGRSX	27830W108	Eaton Vance Glbl Macro Abs Ret Advtg R6	5,457.94	54,786.90	10.37	56,598.88	8.90%	1.71%
LAOSX	95768D509	Western Asset Macro Opportunities IS	4,754.21	50,861.95	11.64	55,338.95	8.70%	1.67%
				\$105,648.85		\$111,937.83		3.38% T
Fund of Hedge Funds								
BXMIX	09257V201	Blackstone Alternative Multi-Strategy I	5,342.72	56,522.30	10.84	57,915.07	9.10%	1.75%
QSPIX	00203H420	AQR Style Premia Alternative I	4,721.51	46,348.56	8.6	40,605.02	6.38%	1.23%
				\$102,870.86		\$98,520.09		2.97% T
REITs								
ICF	464287564	iShares Cohen & Steers REIT ETF	350.00	35,401.50	120.02	42,007.00	6.60%	1.27% T
TOTAL ALTERNATIVES				\$441,387.61		\$442,743.55		13.36% T
TOTAL - ALL ASSETS				\$3,230,100.04		\$3,312,748.77		100.00%

INVESTMENT PORTFOLIO SUMMARY - INCOME

El Toro Water District - 401(k) Plan

Data as of: 09/30/2019

Portfolio Manager:
Keith Stribling, CFA

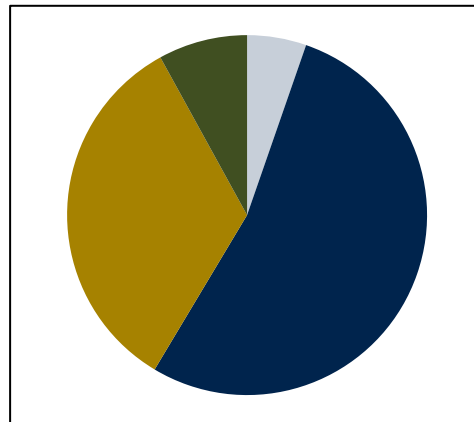
Account Snapshot

Asset Class	Market Value	Tax Cost	Est. Annual Income	Current Yield (%)
Cash & Equivalents	\$202,497.59	\$202,497.59	\$536.62	0.27%
Fixed Income	\$2,027,244.79	\$1,957,771.86	\$65,277.28	3.22%
Equities	\$1,271,765.74	\$1,290,574.10	\$19,534.32	1.54%
Alternatives	\$304,512.32	\$301,669.53	\$3,148.66	1.03%
Other	\$0.00	\$0.00	\$0.00	0.00%
Total	\$3,806,020.44	\$3,752,513.08	\$88,496.88	2.33%

Yields are gross of any fees and reflect the reinvestment of dividends and other income

Asset Allocation

5.3%	Cash & Equivalents
53.3%	Fixed Income
33.4%	Equities
8.0%	Alternatives
0.0%	Other



Income Summary (1, 2)

Cash & Equivalents Income Earned YTD	\$1,130
Taxable Fixed Income Income Earned YTD	\$13,973
Tax-Exempt Fixed Income Income Earned YTD	\$0
Equity Income Earned YTD	\$3,323
Alternative Income Earned YTD	\$210
Other Income Earned YTD	\$0
Total	\$18,637

Net Gain/Loss Summary (3)

	Realized	Unrealized
Net Short Term Gain/Loss	\$0	
Net Long Term Gain/Loss	\$0	
Total	\$0	\$53,507

(1) As of 09/30/2019

(2) Information is calculated on a calendar year basis and includes income, dividends, and capital gain distributions

(3) Gain/Loss information is for informational purposes only.

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Third Quarter 2019

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
CASH EQUIVALENTS								
MONEY MARKET FUNDS/CASH								
n.a.	n.a.	CASH	(3,842.5600)	(\$3,842.56)	1.00	(\$3,842.56)	-1.90%	-0.10%
FPZXX	n.a.	CASH FUND	206,340.15	\$206,340.15	1.00	\$206,340.15	101.90%	5.42%
TOTAL CASH				\$202,497.59		\$202,497.59		5.32% T
FIXED INCOME								
Short-Term Bond Funds								
VFSUX	922031836	Vanguard Short-Term Investment-Grade Adm	17,142.10	180,599.40	10.74	184,106.11	9.76%	4.84%
				<u>\$180,599.40</u>		<u>\$184,106.11</u>		<u>4.84% T</u>
Intermediate-Term Bond Funds								
DBLFX	258620301	DoubleLine Core Fixed Income I	37,848.76	409,774.56	11.13	421,256.67	22.33%	11.07%
DODIX	256210105	Dodge & Cox Income	30,183.40	411,322.49	14.09	425,284.13	22.54%	11.17%
PTRQX	74440B884	PGIM Total Return Bond R6	28,563.95	409,208.65	15.03	429,316.15	22.76%	11.28%
PTRRX	693390700	PIMCO Total Return Instl	40,579.27	410,122.62	10.51	426,488.12	22.61%	11.21%
				<u>\$1,640,428.32</u>		<u>\$1,702,345.07</u>		<u>44.73% T</u>
TOTAL FIXED INCOME				\$1,821,027.72		\$1,886,451.18		49.56% T
EQUITY								
Large Cap Blend Funds								
COFYX	19766M709	Columbia Contrarian Core Inst3	7,022.97	186,845.09	26.65	187,162.26	14.72%	4.92%
VGIAX	921913208	Vanguard Growth & Income Adm	2,292.68	185,212.15	80.74	185,110.82	14.56%	4.86%
				<u>\$372,057.24</u>		<u>\$372,273.08</u>		<u>9.78% T</u>
Large Cap Value Funds								
DODGX	256219106	Dodge & Cox Stock	489.63	96,723.77	186.65	91,389.07	7.19%	2.40%
PKAIX	72202L462	PIMCO RAE US Instl	8,312.53	94,959.85	11.24	93,432.88	7.35%	2.45%
				<u>\$191,683.62</u>		<u>\$184,821.95</u>		<u>4.86% T</u>
Large Cap Growth Funds								
HNACX	411512528	Harbor Capital Appreciation Retirement	1,272.89	96,151.80	73.45	93,493.70	7.35%	2.46%
LSITX	52469H255	ClearBridge Large Cap Growth IS	1,649.19	85,728.35	52.6	86,747.39	6.82%	2.28%
				<u>\$181,880.15</u>		<u>\$180,241.09</u>		<u>4.74% T</u>

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Third Quarter 2019

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
Mid Cap Blend Funds								
VO	922908629	Vanguard Mid-Cap ETF	285.00	47,833.92	167.6	47,766.00	3.76%	1.26% T
Small Cap Value Funds								
UBVFX	904504479	Undiscovered Managers Behavioral Val R6	633.24	44,249.49	61.54	38,969.34	3.06%	1.02% T
Small Cap Blend Funds								
DCZRX	24610B826	Delaware Small Cap Core R6	2,958.72	70,199.45	22.51	66,600.67	5.24%	1.75%
VB	922908751	Vanguard Small-Cap ETF	159.00	24,454.53	153.89	24,468.51	1.92%	0.64%
				<u>\$94,653.98</u>		<u>\$91,069.18</u>		<u>2.39% T</u>
Small Cap Growth Funds								
RSEJX	92647Q363	Victory RS Small Cap Growth R6	474.70	37,444.24	77.85	36,955.32	2.91%	0.97% T
Foreign Large Value Funds								
DODFX	256206103	Dodge & Cox International Stock	881.41	38,117.21	40.97	36,111.33	2.84%	0.95% T
Foreign Large Blend Funds								
DFALX	233203868	DFA Large Cap International I	4,680.52	101,169.25	22.05	103,205.44	8.12%	2.71%
HEFA	46434V803	iShares Currency Hedged MSCI EAFE ETF	1,830.00	53,479.64	29.94	54,790.20	4.31%	1.44%
				<u>\$154,648.89</u>		<u>\$157,995.64</u>		<u>4.15% T</u>
Foreign Large Growth Funds								
MGRDX	552746356	MFS International Growth R6	1,053.07	36,620.69	34.55	36,383.53	2.86%	0.96% T
Diversified Emerging Markets								
HHHFX	41665X859	Hartford Schroders Emerging Mkts Eq F	5,851.66	91,384.67	15.24	89,179.28	7.01%	2.34%
				<u>\$91,384.67</u>		<u>\$89,179.28</u>		<u>2.34% T</u>
TOTAL EQUITY				\$1,290,574.10		\$1,271,765.74		33.41% T

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Third Quarter 2019

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
ALTERNATIVES								
Market Neutral								
QMNIX	00191K799	AQR Equity Market Neutral I	1,170.62	13,026.29	9.82	11,495.46	0.90%	0.30%
BILPX	09250J734	BlackRock Event Driven Equity Instl	2,654.75	25,936.92	9.88	26,228.94	2.06%	0.69%
BSIKX	09260B374	BlackRock Strategic Income Opps K	2,822.61	27,754.97	9.92	28,000.33	2.20%	0.74%
				<u>\$66,718.18</u>		<u>\$65,724.73</u>		<u>1.73% T</u>
Managed Futures								
AQMIX	00203H859	AQR Managed Futures Strategy I	5,922.46	51,703.25	8.8	52,117.67	4.10%	1.37%
AMFNX	63873P825	Natixis ASG Managed Futures Strategy N	5,271.38	51,297.73	10.26	54,084.34	4.25%	1.42%
				<u>\$103,000.98</u>		<u>\$106,202.01</u>		<u>2.79% T</u>
Merger Arbitrage								
ARBNX	03875R205	Arbitrage I	2,192.21	28,652.63	13.45	29,485.25	2.32%	0.77% T
Global Macro								
EGRSX	27830W108	Eaton Vance Gbl Macro Abs Ret Advtg R6	5,494.16	55,516.19	10.37	56,974.40	4.48%	1.50%
LAOSX	95768D509	Western Asset Macro Opportunities IS	4,795.44	53,472.98	11.64	55,818.88	4.39%	1.47%
				<u>\$108,989.17</u>		<u>\$112,793.28</u>		<u>2.96% T</u>
Fund of Hedge Funds								
BXMIX	09257V201	Blackstone Alternative Multi-Strategy I	6,057.37	65,544.94	10.84	65,661.85	5.16%	1.73%
QSPIX	00203H420	AQR Style Premia Alternative I	4,315.59	40,286.18	8.6	37,114.09	2.92%	0.98%
				<u>\$105,831.12</u>		<u>\$102,775.94</u>		<u>2.70% T</u>
REITs								
ICF	464287564	iShares Cohen & Steers REIT ETF	236.00	25,221.59	120.02	28,324.72	2.23%	0.74% T
TOTAL ALTERNATIVES					\$438,413.67		\$445,305.93	11.70% T
TOTAL - ALL ASSETS					\$3,752,513.08		\$3,806,020.44	100.00%

INVESTMENT PORTFOLIO SUMMARY - INCOME & GROWTH

El Toro Water District - 401(k) Plan

Data as of: 09/30/2019

Portfolio Manager:
Keith Stribling, CFA

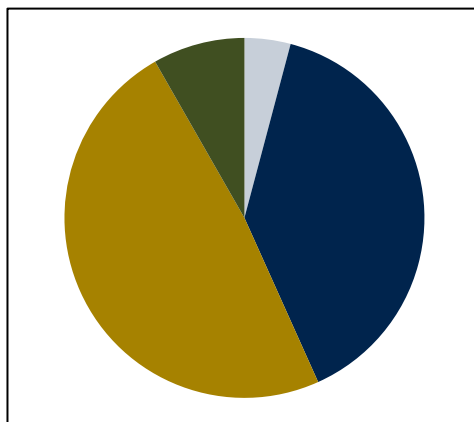
Account Snapshot

Asset Class	Market Value	Tax Cost	Est. Annual Income	Current Yield (%)
Cash & Equivalents	\$280,902.79	\$280,902.79	\$744.39	0.27%
Fixed Income	\$2,660,410.25	\$2,612,566.69	\$85,665.21	3.22%
Equities	\$3,293,020.25	\$3,008,488.87	\$50,580.79	1.54%
Alternatives	\$561,657.46	\$584,632.77	\$5,807.54	1.03%
Other	\$0.00	\$0.00	\$0.00	0.00%
Total	\$6,795,990.75	\$6,486,591.12	\$142,797.93	2.10%

Yields are gross of any fees and reflect the reinvestment of dividends and other income

Asset Allocation

4.1%	Cash & Equivalents
39.1%	Fixed Income
48.5%	Equities
8.3%	Alternatives
0.0%	Other



Income Summary (1, 2)

Cash & Equivalents Income Earned YTD	\$1,537
Taxable Fixed Income Income Earned YTD	\$19,261
Tax-Exempt Fixed Income Income Earned YTD	\$0
Equity Income Earned YTD	\$10,658
Alternative Income Earned YTD	\$415
Other Income Earned YTD	\$0
Total	\$31,870

Net Gain/Loss Summary (3)

	Realized	Unrealized
Net Short Term Gain/Loss	\$637	
Net Long Term Gain/Loss	\$647	
Total	\$1,284	\$309,400

(1) As of 09/30/2019

(2) Information is calculated on a calendar year basis and includes income, dividends, and capital gain distributions

(3) Gain/Loss information is for informational purposes only.

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Third Quarter 2019

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
CASH EQUIVALENTS								
MONEY MARKET FUNDS/CASH								
n.a.	n.a.	CASH	(4,973.3100)	(\$4,973.31)	1.00	(\$4,973.31)	-1.77%	-0.07%
FPZXX	n.a.	CASH FUND	285,876.10	\$285,876.10	1.00	\$285,876.10	101.77%	4.21%
TOTAL CASH				\$280,902.79		\$280,902.79		4.13% T
FIXED INCOME								
Short-Term Bond Funds								
VFSUX	922031836	Vanguard Short-Term Investment-Grade Adm	31,291.96	332,114.68	10.74	336,075.65	13.98%	4.95%
				\$332,114.68		\$336,075.65		4.95% T
Intermediate-Term Bond Funds								
DBLFX	258620301	DoubleLine Core Fixed Income I	45,877.01	499,717.13	11.13	510,611.08	21.24%	7.51%
DODIX	256210105	Dodge & Cox Income	36,569.45	504,259.21	14.09	515,263.52	21.43%	7.58%
PTRQX	74440B884	PGIM Total Return Bond R6	35,033.93	513,258.58	15.03	526,559.89	21.90%	7.75%
PTRRX	693390700	PIMCO Total Return Instl	49,097.67	519,733.94	10.51	516,016.49	21.46%	7.59%
				\$2,036,968.86		\$2,068,450.98		30.44% T
TOTAL FIXED INCOME				\$2,369,083.54		\$2,404,526.63		35.38% T
EQUITY								
Large Cap Blend Funds								
COFYX	19766M709	Columbia Contrarian Core Inst3	20,151.52	444,050.59	26.65	537,038.11	16.31%	7.90%
VGIAX	921913208	Vanguard Growth & Income Adm	6,843.82	488,775.91	80.74	552,570.19	16.78%	8.13%
				\$932,826.50		\$1,089,608.30		16.03% T
Large Cap Value Funds								
DODGX	256219106	Dodge & Cox Stock	1,068.42	196,331.27	186.65	199,421.15	6.06%	2.93%
PKAIX	72202L462	PIMCO RAE US Instl	18,149.04	194,392.00	11.24	203,995.24	6.19%	3.00%
				\$390,723.27		\$403,416.39		5.94% T
Large Cap Growth Funds								
HNACX	411512528	Harbor Capital Appreciation Retirement	2,792.81	177,457.42	73.45	205,131.53	6.23%	3.02%
LSITX	52469H255	ClearBridge Large Cap Growth IS	3,575.21	161,595.50	52.6	188,055.84	5.71%	2.77%
				\$339,052.92		\$393,187.37		5.79% T

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Third Quarter 2019

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
Mid Cap Blend Funds								
VO	922908629	Vanguard Mid-Cap ETF	600.00	97,144.00	167.6	100,560.00	3.05%	1.48% T
Small Cap Value Funds								
UBVFX	904504479	Undiscovered Managers Behavioral Val R6	2,394.47	152,201.06	61.54	147,355.81	4.47%	2.17% T
Small Cap Blend Funds								
DCZRX	24610B826	Delaware Small Cap Core R6	4,920.03	116,264.01	22.51	110,749.83	3.36%	1.63%
VB	922908751	Vanguard Small-Cap ETF	612.00	91,863.49	153.89	94,180.68	2.86%	1.39%
				\$208,127.50		\$204,930.51		3.02% T
Small Cap Growth Funds								
RSEJX	92647Q363	Victory RS Small Cap Growth R6	1,712.62	138,293.69	77.85	133,327.08	4.05%	1.96% T
Foreign Large Value Funds								
DODFX	256206103	Dodge & Cox International Stock	1,908.17	78,195.46	40.97	78,177.68	2.37%	1.15% T
Foreign Large Blend Funds								
DFALX	233203868	DFA Large Cap International I	15,660.38	330,904.47	22.05	345,311.31	10.49%	5.08%
HEFA	46434V803	iShares Currency Hedged MSCI EAFE ETF	3,658.00	93,758.47	29.94	109,520.52	3.33%	1.61%
				\$424,662.94		\$454,831.83		6.69% T
Foreign Large Growth Funds								
MGRDX	552746356	MFS International Growth R6	2,117.25	58,020.79	34.55	73,150.81	2.22%	1.08% T
Diversified Emerging Markets								
HHHFX	41665X859	Hartford Schroders Emerging Mkts Eq F	14,073.13	189,240.74	15.24	214,474.47	6.51%	3.16%
				\$189,240.74		\$214,474.47		3.16% T
TOTAL EQUITY				\$3,008,488.87		\$3,293,020.25		48.46% T

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Third Quarter 2019

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
ALTERNATIVES								
Market Neutral								
QMNIX	00191K799	AQR Equity Market Neutral I	3,477.09	40,656.38	9.82	34,144.99	1.04%	0.50%
BILPX	09250J734	BlackRock Event Driven Equity Instl	2,064.03	20,165.61	9.88	20,392.66	0.62%	0.30%
BSIKX	09260B374	BlackRock Strategic Income Opps K	4,806.83	47,437.89	9.92	47,683.72	1.45%	0.70%
				<u>\$108,259.88</u>		<u>\$102,221.37</u>		<u>1.50% T</u>
Managed Futures								
AQMIX	00203H859	AQR Managed Futures Strategy I	10,734.79	105,662.12	8.8	94,466.12	2.87%	1.39%
AMFNX	63873P825	Natixis ASG Managed Futures Strategy N	9,542.29	102,054.45	10.26	97,903.86	2.97%	1.44%
				<u>\$207,716.57</u>		<u>\$192,369.98</u>		<u>2.83% T</u>
Merger Arbitrage								
ARBNX	03875R205	Arbitrage I	6,511.53	85,087.73	13.45	87,580.12	2.66%	1.29% T
Global Macro								
EGRSX	27830W108	Eaton Vance Gbl Macro Abs Ret Advtg R6	9,986.64	101,061.36	10.37	103,561.43	3.14%	1.52%
LAOSX	95768D509	Western Asset Macro Opportunities IS	8,989.56	94,983.90	11.64	104,638.47	3.18%	1.54%
				<u>\$196,045.26</u>		<u>\$208,199.90</u>		<u>3.06% T</u>
Fund of Hedge Funds								
BXMIX	09257V201	Blackstone Alternative Multi-Strategy I	9,233.34	97,093.84	10.84	100,089.38	3.04%	1.47%
QSPIX	00203H420	AQR Style Premia Alternative I	9,110.72	92,346.97	8.6	78,352.21	2.38%	1.15%
				<u>\$189,440.81</u>		<u>\$178,441.59</u>		<u>2.63% T</u>
REITs								
ICF	464287564	iShares Cohen & Steers REIT ETF	406.00	41,565.67	120.02	48,728.12	1.48%	0.72% T
TOTAL ALTERNATIVES					\$828,115.92		\$817,541.08	12.03% T
TOTAL - ALL ASSETS					\$6,486,591.12		\$6,795,990.75	100.00%

INVESTMENT PORTFOLIO SUMMARY -BALANCED INCOME

El Toro Water District - 401(k) Plan

Data as of: 09/30/2019

Portfolio Manager:
Keith Stribling, CFA

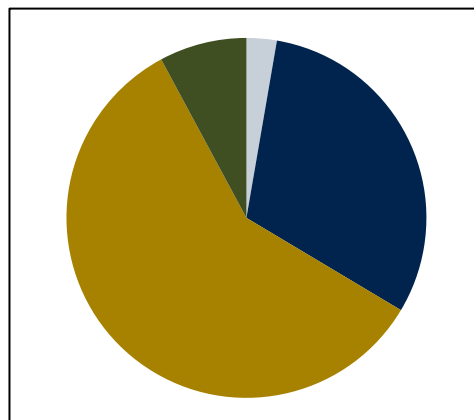
Account Snapshot

Asset Class	Market Value	Tax Cost	Est. Annual Income	Current Yield (%)
Cash & Equivalents	\$129,253.82	\$129,253.82	\$342.52	0.27%
Fixed Income	\$1,469,532.53	\$1,407,436.73	\$47,318.95	3.22%
Equities	\$2,789,878.60	\$2,838,318.14	\$42,852.54	1.54%
Alternatives	\$374,074.13	\$371,518.68	\$3,867.93	1.03%
Other	\$0.00	\$0.00	\$0.00	0.00%
Total	\$4,762,739.08	\$4,746,527.37	\$94,381.93	1.98%

Yields are gross of any fees and reflect the reinvestment of dividends and other income

Asset Allocation

2.7%	Cash & Equivalents
30.9%	Fixed Income
58.6%	Equities
7.9%	Alternatives
0.0%	Other



Income Summary (1, 2)

Cash & Equivalents Income Earned YTD	\$867
Taxable Fixed Income Income Earned YTD	\$11,239
Tax-Exempt Fixed Income Income Earned YTD	\$0
Equity Income Earned YTD	\$10,594
Alternative Income Earned YTD	\$338
Other Income Earned YTD	\$0
Total	\$23,039

Net Gain/Loss Summary (3)

	Realized	Unrealized
Net Short Term Gain/Loss	\$479	
Net Long Term Gain/Loss	-\$861	
Total	-\$382	\$16,212

(1) As of 09/30/2019

(2) Information is calculated on a calendar year basis and includes income, dividends, and capital gain distributions

(3) Gain/Loss information is for informational purposes only.

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Third Quarter 2019

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
CASH EQUIVALENTS								
MONEY MARKET FUNDS/CASH								
n.a.	n.a.	CASH	(2,695.0200)	(\$2,695.02)	1.00	(\$2,695.02)	-2.09%	-0.06%
FPZXX	n.a.	CASH FUND	131,948.84	\$131,948.84	1.00	\$131,948.84	102.09%	2.77%
TOTAL CASH				\$129,253.82		\$129,253.82		2.71% T
FIXED INCOME								
Short-Term Bond Funds								
VFSUX	922031836	Vanguard Short-Term Investment-Grade Adm	15,303.93	161,738.33	10.74	164,364.21	12.72%	3.45%
				<u>\$161,738.33</u>		<u>\$164,364.21</u>		<u>3.45% T</u>
Intermediate-Term Bond Funds								
DBLFX	258620301	DoubleLine Core Fixed Income I	24,955.54	267,714.08	11.13	277,755.18	21.50%	5.83%
DODIX	256210105	Dodge & Cox Income	19,860.35	267,966.53	14.09	279,832.36	21.66%	5.88%
PTRQX	74440B884	PGIM Total Return Bond R6	19,156.00	270,704.79	15.03	287,914.60	22.29%	6.05%
PTRRX	693390700	PIMCO Total Return Instl	26,826.84	268,586.15	10.51	281,950.12	21.83%	5.92%
				<u>\$1,074,971.55</u>		<u>\$1,127,452.26</u>		<u>23.67% T</u>
TOTAL FIXED INCOME				\$1,236,709.88		\$1,291,816.47		27.12% T
EQUITY								
Large Cap Blend Funds								
COFYX	19766M709	Columbia Contrarian Core Inst3	16,839.81	453,178.28	26.65	448,780.83	16.09%	9.42%
VGIAX	921913208	Vanguard Growth & Income Adm	5,486.68	446,605.21	80.74	442,994.14	15.88%	9.30%
				<u>\$899,783.49</u>		<u>\$891,774.97</u>		<u>18.72% T</u>
Large Cap Value Funds								
DODGX	256219106	Dodge & Cox Stock	1,014.39	209,507.56	186.65	189,335.89	6.79%	3.98%
PKAIX	72202L462	PIMCO RAE US Instl	17,232.30	200,439.24	11.24	193,691.05	6.94%	4.07%
				<u>\$409,946.80</u>		<u>\$383,026.94</u>		<u>8.04% T</u>
Large Cap Growth Funds								
HNACX	411512528	Harbor Capital Appreciation Retirement	2,630.63	196,120.25	73.45	193,219.92	6.93%	4.06%
LSITX	52469H255	ClearBridge Large Cap Growth IS	3,396.78	171,448.96	52.6	178,670.68	6.40%	3.75%
				<u>\$367,569.21</u>		<u>\$371,890.60</u>		<u>7.81% T</u>

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Third Quarter 2019

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
Mid Cap Blend Funds								
VO	922908629	Vanguard Mid-Cap ETF	454.00	72,042.00	167.6	76,090.40	2.73%	1.60% T
Small Cap Value Funds								
UBVFX	904504479	Undiscovered Managers Behavioral Val R6	2,227.98	154,463.73	61.54	137,109.95	4.91%	2.88% T
Small Cap Blend Funds								
DCZRX	24610B826	Delaware Small Cap Core R6	2,685.23	67,430.16	22.51	60,444.46	2.17%	1.27%
VB	922908751	Vanguard Small-Cap ETF	415.00	60,063.67	153.89	63,864.35	2.29%	1.34%
				<u>\$127,493.83</u>		<u>\$124,308.81</u>		<u>2.61% T</u>
Small Cap Growth Funds								
RSEJX	92647Q363	Victory RS Small Cap Growth R6	1,639.36	132,378.15	77.85	127,624.02	4.57%	2.68% T
Foreign Large Value Funds								
DODFX	256206103	Dodge & Cox International Stock	1,570.15	69,774.16	40.97	64,329.05	2.31%	1.35% T
Foreign Large Blend Funds								
DFALX	233203868	DFA Large Cap International I	12,720.32	268,800.84	22.05	280,483.06	10.05%	5.89%
HEFA	46434V803	iShares Currency Hedged MSCI EAFE ETF	3,094.00	92,364.36	29.94	92,634.36	3.32%	1.94%
				<u>\$361,165.20</u>		<u>\$373,117.42</u>		<u>7.83% T</u>
Foreign Large Growth Funds								
MGRDX	552746356	MFS International Growth R6	1,984.78	68,965.05	34.55	68,574.01	2.46%	1.44% T
Diversified Emerging Markets								
HHHFX	41665X859	Hartford Schroders Emerging Mkts Eq F	11,288.22	174,736.52	15.24	172,032.43	6.17%	3.61%
				<u>\$174,736.52</u>		<u>\$172,032.43</u>		<u>3.61% T</u>
TOTAL EQUITY				\$2,838,318.14		\$2,789,878.60		58.58% T

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Third Quarter 2019

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
ALTERNATIVES								
Market Neutral								
QMNIX	00191K799	AQR Equity Market Neutral I	2,358.73	26,247.27	9.82	23,162.72	0.83%	0.49%
BILPX	09250J734	BlackRock Event Driven Equity Instl	1,217.67	11,896.65	9.88	12,030.59	0.43%	0.25%
BSIKX	09260B374	BlackRock Strategic Income Opps K	3,543.55	34,651.93	9.92	35,152.05	1.26%	0.74%
				<u>\$72,795.85</u>		<u>\$70,345.36</u>		<u>1.48% T</u>
Managed Futures								
AQMIX	00203H859	AQR Managed Futures Strategy I	7,056.98	61,739.49	8.8	62,101.38	2.23%	1.30%
AMFNX	63873P825	Natixis ASG Managed Futures Strategy N	6,272.91	61,129.83	10.26	64,360.07	2.31%	1.35%
				<u>\$122,869.32</u>		<u>\$126,461.45</u>		<u>2.66% T</u>
Merger Arbitrage								
ARBNX	03875R205	Arbitrage I	4,504.51	58,874.73	13.45	60,585.59	2.17%	1.27% T
Global Macro								
EGRSX	27830W108	Eaton Vance Gbl Macro Abs Ret Advtg R6	6,834.73	68,875.12	10.37	70,876.19	2.54%	1.49%
LAOSX	95768D509	Western Asset Macro Opportunities IS	6,158.75	67,199.80	11.64	71,687.82	2.57%	1.51%
				<u>\$136,074.92</u>		<u>\$142,564.01</u>		<u>2.99% T</u>
Fund of Hedge Funds								
BXMIX	09257V201	Blackstone Alternative Multi-Strategy I	6,536.62	70,114.07	10.84	70,856.95	2.54%	1.49%
QSPIX	00203H420	AQR Style Premia Alternative I	5,717.62	55,084.55	8.6	49,171.53	1.76%	1.03%
				<u>\$125,198.62</u>		<u>\$120,028.48</u>		<u>2.52% T</u>
REITs								
ICF	464287564	iShares Cohen & Steers REIT ETF	265.00	26,432.09	120.02	31,805.30	1.14%	0.67% T
TOTAL ALTERNATIVES					\$542,245.53		\$551,790.19	11.59% T
TOTAL - ALL ASSETS					\$4,746,527.37		\$4,762,739.08	100.00%

INVESTMENT PORTFOLIO SUMMARY - BALANCED

El Toro Water District - 401(k) Plan

Data as of: 09/30/2019

Portfolio Manager:
Keith Stribling, CFA

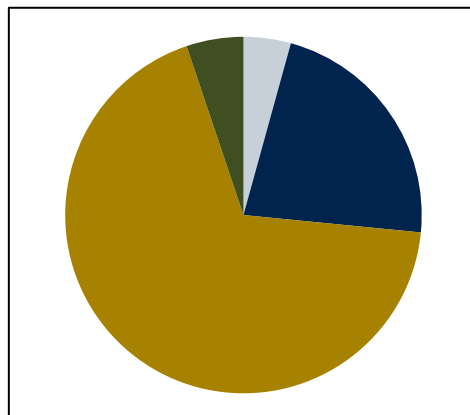
Account Snapshot

Asset Class	Market Value	Tax Cost	Est. Annual Income	Current Yield (%)
Cash & Equivalents	\$54,195.61	\$54,195.61	\$143.62	0.27%
Fixed Income	\$281,438.93	\$274,919.28	\$9,062.33	3.22%
Equities	\$862,813.73	\$788,390.90	\$13,252.82	1.54%
Alternatives	\$65,313.72	\$67,598.81	\$675.34	1.03%
Other	\$0.00	\$0.00	\$0.00	0.00%
Total	\$1,263,761.99	\$1,185,104.60	\$23,134.11	1.83%

Yields are gross of any fees and reflect the reinvestment of dividends and other income

Asset Allocation

4.3%	Cash & Equivalents
22.3%	Fixed Income
68.3%	Equities
5.2%	Alternatives
0.0%	Other



Income Summary (1, 2)

Cash & Equivalents Income Earned YTD	\$238
Taxable Fixed Income Income Earned YTD	\$2,302
Tax-Exempt Fixed Income Income Earned YTD	\$0
Equity Income Earned YTD	\$3,621
Alternative Income Earned YTD	\$63
Other Income Earned YTD	\$0
Total	\$6,224

Net Gain/Loss Summary (3)

	Realized	Unrealized
Net Short Term Gain/Loss	\$347	
Net Long Term Gain/Loss	\$484	
Total	\$831	\$78,657

(1) As of 09/30/2019

(2) Information is calculated on a calendar year basis and includes income, dividends, and capital gain distributions

(3) Gain/Loss information is for informational purposes only.

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Third Quarter 2019

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
CASH EQUIVALENTS								
MONEY MARKET FUNDS/CASH								
n.a.	n.a.	CASH	(518.3600)	(\$518.36)	1.00	(\$518.36)	-0.96%	-0.04%
FPZXX	n.a.	CASH FUND	54,713.97	\$54,713.97	1.00	\$54,713.97	100.96%	4.33%
TOTAL CASH				\$54,195.61		\$54,195.61		4.29% T
FIXED INCOME								
Short-Term Bond Funds								
VFSUX	922031836	Vanguard Short-Term Investment-Grade Adm	2,889.74	30,553.47	10.74	31,035.84	12.44%	2.46%
				\$30,553.47		\$31,035.84		2.46% T
Intermediate-Term Bond Funds								
DBLFX	258620301	DoubleLine Core Fixed Income I	4,870.87	53,021.80	11.13	54,212.79	21.72%	4.29%
DODIX	256210105	Dodge & Cox Income	3,867.94	53,223.11	14.09	54,499.29	21.84%	4.31%
PTRQX	74440B884	PGIM Total Return Bond R6	3,665.21	53,483.72	15.03	55,088.08	22.08%	4.36%
PTRRX	693390700	PIMCO Total Return Instl	5,205.64	54,585.36	10.51	54,711.31	21.92%	4.33%
				\$214,313.99		\$218,511.47		17.29% T
TOTAL FIXED INCOME				\$244,867.46		\$249,547.31		19.75% T
EQUITY								
Large Cap Blend Funds								
COFYX	19766M709	Columbia Contrarian Core Inst3	5,114.50	111,180.11	26.65	136,301.42	15.80%	10.79%
VGIAX	921913208	Vanguard Growth & Income Adm	1,657.07	118,584.73	80.74	133,791.99	15.51%	10.59%
				\$229,764.84		\$270,093.41		21.37% T
Large Cap Value Funds								
DODGX	256219106	Dodge & Cox Stock	303.54	56,123.29	186.65	56,655.18	6.57%	4.48%
PKAIX	72202L462	PIMCO RAE US Instl	5,134.59	54,832.36	11.24	57,712.78	6.69%	4.57%
				\$110,955.65		\$114,367.96		9.05% T
Large Cap Growth Funds								
HNACX	411512528	Harbor Capital Appreciation Retirement	756.51	49,035.84	73.45	55,565.37	6.44%	4.40%
LSITX	52469H255	ClearBridge Large Cap Growth IS	1,061.87	48,719.31	52.6	55,854.57	6.47%	4.42%
				\$97,755.15		\$111,419.94		8.82% T

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Third Quarter 2019

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
Mid Cap Blend Funds								
VO	922908629	Vanguard Mid-Cap ETF	183.00	29,038.95	167.6	30,670.80	3.55%	2.43% T
Small Cap Value Funds								
UBVFX	904504479	Undiscovered Managers Behavioral Val R6	643.04	41,079.99	61.54	39,572.74	4.59%	3.13% T
Small Cap Blend Funds								
DCZRX	24610B826	Delaware Small Cap Core R6	907.46	21,630.81	22.51	20,426.88	2.37%	1.62%
VB	922908751	Vanguard Small-Cap ETF	155.00	22,386.28	153.89	23,852.95	2.76%	1.89%
				<u>\$44,017.09</u>		<u>\$44,279.83</u>		<u>3.50% T</u>
Small Cap Growth Funds								
RSEJX	92647Q363	Victory RS Small Cap Growth R6	473.15	38,207.09	77.85	36,834.96	4.27%	2.91% T
Foreign Large Value Funds								
DODFX	256206103	Dodge & Cox International Stock	502.79	20,480.35	40.97	20,599.10	2.39%	1.63% T
Foreign Large Blend Funds								
DFALX	233203868	DFA Large Cap International I	4,331.31	90,664.03	22.05	95,505.43	11.07%	7.56%
HEFA	46434V803	iShares Currency Hedged MSCI EAFE ETF	856.00	22,153.37	29.94	25,628.64	2.97%	2.03%
				<u>\$112,817.40</u>		<u>\$121,134.07</u>		<u>9.59% T</u>
Foreign Large Growth Funds								
MGRDX	552746356	MFS International Growth R6	597.62	16,223.72	34.55	20,647.70	2.39%	1.63% T
Diversified Emerging Markets								
HHHFX	41665X859	Hartford Schroders Emerging Mkts Eq F	3,490.37	48,050.67	15.24	53,193.22	6.17%	4.21%
				<u>\$48,050.67</u>		<u>\$53,193.22</u>		<u>4.21% T</u>
TOTAL EQUITY				\$788,390.90		\$862,813.73		68.27% T

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Third Quarter 2019

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
ALTERNATIVES								
Market Neutral								
QMNIX	00191K799	AQR Equity Market Neutral I	363.27	4,263.62	9.82	3,567.31	0.41%	0.28%
BILPX	09250J734	BlackRock Event Driven Equity Instl	191.10	1,867.04	9.88	1,888.06	0.22%	0.15%
BSIKX	09260B374	BlackRock Strategic Income Opps K	631.79	6,239.36	9.92	6,267.36	0.73%	0.50%
				<u>\$12,370.02</u>		<u>\$11,722.73</u>		<u>0.93% T</u>
Managed Futures								
AQMIX	00203H859	AQR Managed Futures Strategy I	1,206.92	11,888.99	8.8	10,620.85	1.23%	0.84%
AMFNX	63873P825	Natixis ASG Managed Futures Strategy N	1,072.85	11,511.08	10.26	11,007.42	1.28%	0.87%
				<u>\$23,400.07</u>		<u>\$21,628.27</u>		<u>1.71% T</u>
Merger Arbitrage								
ARBNX	03875R205	Arbitrage I	780.78	10,174.91	13.45	10,501.50	1.22%	0.83% T
Global Macro								
EGRSX	27830W108	Eaton Vance Gbl Macro Abs Ret Advtg R6	1,233.16	12,276.44	10.37	12,787.91	1.48%	1.01%
LAOSX	95768D509	Western Asset Macro Opportunities IS	1,102.78	11,536.02	11.64	12,836.35	1.49%	1.02%
				<u>\$23,812.46</u>		<u>\$25,624.26</u>		<u>2.03% T</u>
Fund of Hedge Funds								
BXMIX	09257V201	Blackstone Alternative Multi-Strategy I	1,139.82	11,942.08	10.84	12,355.68	1.43%	0.98%
QSPIX	00203H420	AQR Style Premia Alternative I	1,061.84	10,764.35	8.6	9,131.86	1.06%	0.72%
				<u>\$22,706.43</u>		<u>\$21,487.54</u>		<u>1.70% T</u>
REITs								
ICF	464287564	iShares Cohen & Steers REIT ETF	52.00	5,186.74	120.02	6,241.04	0.72%	0.49% T
TOTAL ALTERNATIVES					\$97,650.63		\$97,205.34	7.69% T
TOTAL - ALL ASSETS					\$1,185,104.60		\$1,263,761.99	100.00%

INVESTMENT PORTFOLIO SUMMARY - CAPITAL APPRECIATION

El Toro Water District - 401(k) Plan

Data as of: 09/30/2019

Portfolio Manager:
Keith Stribling, CFA

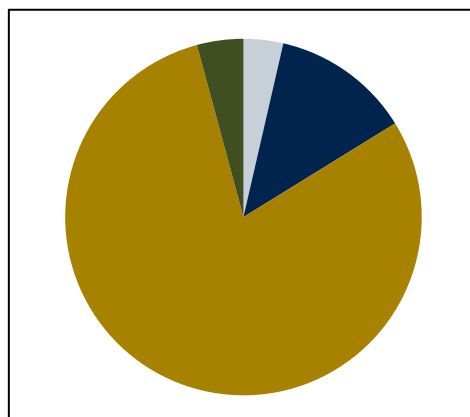
Account Snapshot

Asset Class	Market Value	Tax Cost	Est. Annual Income	Current Yield (%)
Cash & Equivalents	\$16,819.62	\$16,819.62	\$44.57	0.27%
Fixed Income	\$58,960.77	\$56,229.34	\$1,898.54	3.22%
Equities	\$372,446.78	\$377,149.79	\$5,720.78	1.54%
Alternatives	\$19,694.22	\$19,451.78	\$203.64	1.03%
Other	\$0.00	\$0.00	\$0.00	0.00%
Total	\$467,921.39	\$469,650.53	\$7,867.53	1.68%

Yields are gross of any fees and reflect the reinvestment of dividends and other income

Asset Allocation

3.6%	Cash & Equivalents
12.6%	Fixed Income
79.6%	Equities
4.2%	Alternatives
0.0%	Other



Income Summary (1, 2)

Cash & Equivalents Income Earned YTD	\$114
Taxable Fixed Income Income Earned YTD	\$429
Tax-Exempt Fixed Income Income Earned YTD	\$0
Equity Income Earned YTD	\$1,311
Alternative Income Earned YTD	\$18
Other Income Earned YTD	\$0
Total	\$1,873

Net Gain/Loss Summary (3)

	Realized	Unrealized
Net Short Term Gain/Loss	\$0	
Net Long Term Gain/Loss	-\$84	
Total	-\$84	-\$1,729

(1) As of 09/30/2019

(2) Information is calculated on a calendar year basis and includes income, dividends, and capital gain distributions

(3) Gain/Loss information is for informational purposes only.

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Third Quarter 2019

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
CASH EQUIVALENTS								
MONEY MARKET FUNDS/CASH								
n.a.	n.a.	CASH	(104.3500)	(\$104.35)	1.00	(\$104.35)	-0.62%	-0.02%
FPZXX	n.a.	CASH FUND	16,923.97	\$16,923.97	1.00	\$16,923.97	100.62%	3.62%
TOTAL CASH				\$16,819.62		\$16,819.62		3.59% T
FIXED INCOME								
Short-Term Bond Funds								
VFSUX	922031836	Vanguard Short-Term Investment-Grade Adm	486.50	5,119.24	10.74	5,225.04	10.55%	1.12%
				\$5,119.24		\$5,225.04		1.12% T
Intermediate-Term Bond Funds								
DBLFX	258620301	DoubleLine Core Fixed Income I	982.15	10,493.58	11.13	10,931.28	22.08%	2.34%
DODIX	256210105	Dodge & Cox Income	783.64	10,524.68	14.09	11,041.54	22.30%	2.36%
PTRQX	74440B884	PGIM Total Return Bond R6	749.86	10,535.63	15.03	11,270.32	22.76%	2.41%
PTRRX	693390700	PIMCO Total Return Instl	1,050.91	10,475.81	10.51	11,045.03	22.31%	2.36%
				\$42,029.70		\$44,288.17		9.46% T
TOTAL FIXED INCOME				\$47,148.94		\$49,513.21		10.58% T
EQUITY								
Large Cap Blend Funds								
COFYX	19766M709	Columbia Contrarian Core Inst3	2,177.26	58,013.74	26.65	58,024.09	15.58%	12.40%
VGIAX	921913208	Vanguard Growth & Income Adm	705.46	56,969.34	80.74	56,958.52	15.29%	12.17%
				\$114,983.08		\$114,982.61		24.57% T
Large Cap Value Funds								
DODGX	256219106	Dodge & Cox Stock	145.61	29,593.40	186.65	27,177.73	7.30%	5.81%
PKAIX	72202L462	PIMCO RAE US Instl	2,505.69	28,692.14	11.24	28,163.90	7.56%	6.02%
				\$58,285.54		\$55,341.63		11.83% T
Large Cap Growth Funds								
HNACX	411512528	Harbor Capital Appreciation Retirement	380.52	28,240.57	73.45	27,949.34	7.50%	5.97%
LSITX	52469H255	ClearBridge Large Cap Growth IS	490.29	24,656.73	52.6	25,789.04	6.92%	5.51%
				\$52,897.30		\$53,738.38		11.48% T

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Third Quarter 2019

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
Mid Cap Blend Funds								
VO	922908629	Vanguard Mid-Cap ETF	38.00	6,270.36	167.6	6,368.80	1.71%	1.36% T
Small Cap Value Funds								
UBVFX	904504479	Undiscovered Managers Behavioral Val R6	270.18	18,766.26	61.54	16,627.00	4.46%	3.55% T
Small Cap Blend Funds								
DCZRX	24610B826	Delaware Small Cap Core R6	426.83	10,535.35	22.51	9,607.97	2.58%	2.05%
VB	922908751	Vanguard Small-Cap ETF	61.00	9,012.13	153.89	9,387.29	2.52%	2.01%
				<u>\$19,547.48</u>		<u>\$18,995.26</u>		<u>4.06% T</u>
Small Cap Growth Funds								
RSEJX	92647Q363	Victory RS Small Cap Growth R6	203.00	16,392.04	77.85	15,803.32	4.24%	3.38% T
Foreign Large Value Funds								
DODFX	256206103	Dodge & Cox International Stock	217.98	9,540.39	40.97	8,930.56	2.40%	1.91% T
Foreign Large Blend Funds								
DFALX	233203868	DFA Large Cap International I	1,719.99	36,416.37	22.05	37,925.80	10.18%	8.11%
HEFA	46434V803	iShares Currency Hedged MSCI EAFE ETF	399.00	11,811.63	29.94	11,946.06	3.21%	2.55%
				<u>\$48,228.00</u>		<u>\$49,871.86</u>		<u>10.66% T</u>
Foreign Large Growth Funds								
MGRDX	552746356	MFS International Growth R6	257.71	8,933.41	34.55	8,903.95	2.39%	1.90% T
Diversified Emerging Markets								
HHHFX	41665X859	Hartford Schroders Emerging Mkts Eq F	1,501.54	23,305.93	15.24	22,883.41	6.14%	4.89%
				<u>\$23,305.93</u>		<u>\$22,883.41</u>		<u>4.89% T</u>
TOTAL EQUITY				\$377,149.79		\$372,446.78		79.60% T

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Third Quarter 2019

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
ALTERNATIVES								
Market Neutral								
QMNIX	00191K799	AQR Equity Market Neutral I	116.05	1,291.32	9.82	1,139.56	0.31%	0.24%
BILPX	09250J734	BlackRock Event Driven Equity Instl	118.83	1,160.97	9.88	1,174.04	0.32%	0.25%
BSIKX	09260B374	BlackRock Strategic Income Opps K	191.55	1,872.62	9.92	1,900.15	0.51%	0.41%
				<u>\$4,324.91</u>		<u>\$4,213.75</u>		<u>0.90% T</u>
Managed Futures								
AQMIX	00203H859	AQR Managed Futures Strategy I	370.84	3,244.40	8.8	3,263.35	0.88%	0.70%
AMFNX	63873P825	Natixis ASG Managed Futures Strategy N	329.65	3,212.45	10.26	3,382.22	0.91%	0.72%
				<u>\$6,456.85</u>		<u>\$6,645.57</u>		<u>1.42% T</u>
Merger Arbitrage								
ARBNX	03875R205	Arbitrage I	225.23	2,943.74	13.45	3,029.29	0.81%	0.65% T
Global Macro								
EGRSX	27830W108	Eaton Vance Gbl Macro Abs Ret Advtg R6	367.98	3,708.84	10.37	3,815.94	1.02%	0.82%
LAOSX	95768D509	Western Asset Macro Opportunities IS	320.57	3,498.94	11.64	3,731.47	1.00%	0.80%
				<u>\$7,207.78</u>		<u>\$7,547.41</u>		<u>1.61% T</u>
Fund of Hedge Funds								
BXMIX	09257V201	Blackstone Alternative Multi-Strategy I	318.98	3,420.98	10.84	3,457.71	0.93%	0.74%
QSPIX	00203H420	AQR Style Premia Alternative I	256.71	2,473.19	8.6	2,207.71	0.59%	0.47%
				<u>\$5,894.17</u>		<u>\$5,665.42</u>		<u>1.21% T</u>
REITS								
ICF	464287564	iShares Cohen & Steers REIT ETF	17.00	1,704.73	120.02	2,040.34	0.55%	0.44% T
TOTAL ALTERNATIVES					\$28,532.18		\$29,141.78	6.23% T
TOTAL - ALL ASSETS					\$469,650.53		\$467,921.39	100.00%

INVESTMENT PORTFOLIO SUMMARY - GROWTH

El Toro Water District - 401(k) Plan

Data as of: 09/30/2019

Portfolio Manager:
Keith Stribling, CFA

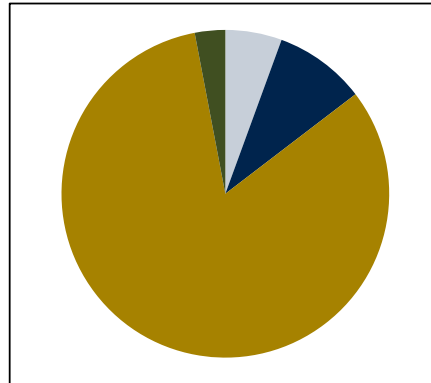
Account Snapshot

Asset Class	Market Value	Tax Cost	Est. Annual Income	Current Yield (%)
Cash & Equivalents	\$87,523.81	\$87,523.81	\$231.94	0.27%
Fixed Income	\$141,781.86	\$138,113.99	\$4,565.38	3.22%
Equities	\$1,293,009.39	\$1,211,815.85	\$19,860.62	1.54%
Alternatives	\$47,091.62	\$48,549.75	\$486.93	1.03%
Other	\$0.00	\$0.00	\$0.00	0.00%
Total	\$ 1,569,407	\$ 1,486,003	\$ 25,145	1.60%

Yields are gross of any fees and reflect the reinvestment of dividends and other income

Asset Allocation

5.6%	Cash & Equivalents
9.0%	Fixed Income
82.4%	Equities
3.0%	Alternatives
0.0%	Other



Income Summary (1, 2)

Cash & Equivalents Income Earned YTD	\$321
Taxable Fixed Income Income Earned YTD	\$987
Tax-Exempt Fixed Income Income Earned YTD	\$0
Equity Income Earned YTD	\$4,121
Alternative Income Earned YTD	\$41
Other Income Earned YTD	\$0
Total	\$5,469

Net Gain/Loss Summary (3)

	Realized	Unrealized
Net Short Term Gain/Loss	\$21,515	
Net Long Term Gain/Loss	\$124,926	
Total	\$146,441	\$83,403

(1) As of 09/30/2019

(2) Information is calculated on a calendar year basis and includes income, dividends, and capital gain distributions

(3) Gain/Loss information is for informational purposes only.

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Third Quarter 2019

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
CASH EQUIVALENTS								
MONEY MARKET FUNDS/CASH								
n.a.	n.a.	CASH	(250.6200)	(\$250.62)	1.00	(\$250.62)	-0.29%	-0.02%
FPZXX	n.a.	CASH FUND	87,774.43	\$87,774.43	1.00	\$87,774.43	100.29%	5.59%
TOTAL CASH				\$87,523.81		\$87,523.81		5.58% T
FIXED INCOME								
Short-Term Bond Funds								
VFSUX	922031836	Vanguard Short-Term Investment-Grade Adm	411.25	4,364.03	10.74	4,416.87	3.68%	0.28%
				\$4,364.03		\$4,416.87		0.28% T
Intermediate-Term Bond Funds								
DBLFX	258620301	DoubleLine Core Fixed Income I	2,567.57	27,893.81	11.13	28,577.03	23.78%	1.82%
DODIX	256210105	Dodge & Cox Income	2,046.26	28,145.21	14.09	28,831.86	23.99%	1.84%
PTRQX	74440B884	PGIM Total Return Bond R6	1,960.50	28,564.30	15.03	29,466.33	24.52%	1.88%
PTRRX	693390700	PIMCO Total Return Instl	2,747.45	28,670.90	10.51	28,875.70	24.03%	1.84%
				\$113,274.22		\$115,750.92		7.38% T
TOTAL FIXED INCOME				\$117,638.25		\$120,167.79		7.66% T
EQUITY								
Large Cap Blend Funds								
COFYX	19766M709	Columbia Contrarian Core Inst3	7,034.55	160,147.12	26.65	187,470.84	14.50%	11.95%
VGIAX	921913208	Vanguard Growth & Income Adm	2,328.26	168,945.42	80.74	187,983.79	14.54%	11.98%
				\$329,092.54		\$375,454.63		23.92% T
Large Cap Value Funds								
DODGX	256219106	Dodge & Cox Stock	487.65	91,886.12	186.65	91,019.13	7.04%	5.80%
PKAIX	72202L462	PIMCO RAE US Instl	8,283.65	90,057.82	11.24	93,108.26	7.20%	5.93%
				\$181,943.94		\$184,127.39		11.73% T
Large Cap Growth Funds								
HNACX	411512528	Harbor Capital Appreciation Retirement	1,216.38	82,679.68	73.45	89,343.33	6.91%	5.69%
LSITX	52469H255	ClearBridge Large Cap Growth IS	1,687.91	79,777.15	52.6	88,784.28	6.87%	5.66%
				\$162,456.83		\$178,127.61		11.35% T

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Third Quarter 2019

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
Mid Cap Blend Funds								
VO	922908629	Vanguard Mid-Cap ETF	359.00	57,288.65	167.6	60,168.40	4.65%	3.83% T
Small Cap Value Funds								
UBVFX	904504479	Undiscovered Managers Behavioral Val R6	961.56	63,117.84	61.54	59,174.09	4.58%	3.77% T
Small Cap Blend Funds								
DCZRX	24610B826	Delaware Small Cap Core R6	1,465.14	34,820.04	22.51	32,980.39	2.55%	2.10%
VB	922908751	Vanguard Small-Cap ETF	212.00	31,282.27	153.89	32,624.68	2.52%	2.08%
				\$66,102.31		\$65,605.07		4.18% T
Small Cap Growth Funds								
RSEJX	92647Q363	Victory RS Small Cap Growth R6	723.97	58,460.32	77.85	56,360.83	4.36%	3.59% T
Foreign Large Value Funds								
DODFX	256206103	Dodge & Cox International Stock	843.00	35,024.78	40.97	34,537.59	2.67%	2.20% T
Foreign Large Blend Funds								
DFALX	233203868	DFA Large Cap International I	5,011.94	106,797.00	22.05	110,513.28	8.55%	7.04%
HEFA	46434V803	iShares Currency Hedged MSCI EAFE ETF	1,699.00	44,593.39	29.94	50,868.06	3.93%	3.24%
				\$151,390.39		\$161,381.34		10.28% T
Foreign Large Growth Funds								
MGRDX	552746356	MFS International Growth R6	1,128.73	34,102.32	34.55	38,997.69	3.02%	2.48% T
Diversified Emerging Markets								
HHHFX	41665X859	Hartford Schroders Emerging Mkts Eq F	5,188.63	72,835.93	15.24	79,074.75	6.12%	5.04%
				\$72,835.93		\$79,074.75		5.04% T
TOTAL EQUITY				\$1,211,815.85		\$1,293,009.39		82.39% T

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of Third Quarter 2019

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
ALTERNATIVES								
Market Neutral								
QMNIX	00191K799	AQR Equity Market Neutral I	278.22	3,284.53	9.82	2,732.14	0.21%	0.17%
BILPX	09250J734	BlackRock Event Driven Equity Instl	231.54	2,262.14	9.88	2,287.61	0.18%	0.15%
BSIKX	09260B374	BlackRock Strategic Income Opps K	480.24	4,743.56	9.92	4,763.94	0.37%	0.30%
				\$10,290.23		\$9,783.69		0.62% T
Managed Futures								
AQMIX	00203H859	AQR Managed Futures Strategy I	860.33	8,317.44	8.8	7,570.94	0.59%	0.48%
AMFNX	63873P825	Natixis ASG Managed Futures Strategy N	764.81	8,018.26	10.26	7,846.95	0.61%	0.50%
				\$16,335.70		\$15,417.89		0.98% T
Merger Arbitrage								
ARBNX	03875R205	Arbitrage I	541.87	7,102.86	13.45	7,288.10	0.56%	0.46% T
Global Macro								
EGRSX	27830W108	Eaton Vance Gbl Macro Abs Ret Advtg R6	821.59	8,167.38	10.37	8,519.87	0.66%	0.54%
LAOSX	95768D509	Western Asset Macro Opportunities IS	715.66	7,564.80	11.64	8,330.26	0.64%	0.53%
				\$15,732.18		\$16,850.13		1.07% T
Fund of Hedge Funds								
BXMIX	09257V201	Blackstone Alternative Multi-Strategy I	828.62	8,734.62	10.84	8,982.24	0.69%	0.57%
QSPIX	00203H420	AQR Style Premia Alternative I	718.95	7,329.72	8.6	6,182.94	0.48%	0.39%
				\$16,064.34		\$15,165.18		0.97% T
REITs								
ICF	464287564	iShares Cohen & Steers REIT ETF	35.00	3,500.18	120.02	4,200.70	0.32%	0.27% T
TOTAL ALTERNATIVES				\$69,025.49		\$68,705.69		4.38% T
TOTAL - ALL ASSETS				\$1,486,003.40		\$1,569,406.68		100.00%

DISCLOSURES

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STAFF REPORT

TO: BOARD OF DIRECTORS

MEETING DATE: November 25, 2019

FROM: Dennis Cafferty, General Manager

SUBJECT: 2019 Strategic Plan Update

The October 31 Strategic Planning Workshop included a thorough vetting of the District's Vision, Mission, Goals and Values Statements. At the conclusion of the workshop, the Facilitator, Ed Means of Means Consulting, was charged with incorporating the discussion and input at the workshop into draft language for each statement for further consideration by the Board of Directors. The following is the proposed language for each statement.

Proposed Strategic Plan Vision, Mission, Goals, and Values

Draft Vision – *“Maintaining excellence in water and sewer services”*

Draft Mission – *“The mission of the El Toro Water District is to provide its customers a safe, adequate, and reliable supply of water and wastewater service in an environmentally and economically responsible manner.”*

Draft Goals – **The El Toro Water District is committed to:**

1. Water reliability - *Provide the physical facilities and supply to meet the needs of the community*
2. Finance - *Prudently and transparently manage for long-term stability and affordability*
3. Organizational effectiveness - *Maintain a high-quality workforce and systems to foster excellence*

4. Relationships – *Communicate and collaborate with stakeholders, neighbors, and peer agencies in the region to further the water and wastewater interests of our community*
5. Operations - *Provide safe, cost-effective, and reliable operations*

Values

1. **Focus on Customers** - We exist only to serve our customers, who must be considered first and foremost in all decisions or actions of the District.
2. **Act with Transparency, Accountability, Integrity, and Respect** - We strive to earn and maintain our customers' trust by maintaining high ethical standards.
3. **Be Environmentally and Fiscally Responsible** - We recognize that serving our customers well means being responsible stewards of the environment and the resources entrusted to us.
4. **Support and Promote Staff Excellence and Innovation** - Our work depends on maintaining a well-trained, motivated, innovative, and professional staff.
5. **Be a Collaborative Partner** - Working productively with our community, employees and board, neighboring agencies, and stakeholders, provides mutual benefits.

Ed Means will lead a discussion of the draft language at the November 25 meeting with the goal of securing any comments or revisions and ultimately approval of each of the statements.

RECOMMENDATION

Recommended Action at the November 25, 2019 Board Meeting:

Staff recommends that the Board approve the Vision, Mission, Goals, and Values statements for inclusion in the 2019 Strategic Plan update.



STAFF REPORT

TO: BOARD OF DIRECTORS

MEETING DATE: November 25, 2019

FROM: Dennis Cafferty, General Manager

SUBJECT: Dam Failure Liability Insurance

The El Toro Water District (ETWD) owns and operates the R-6 Reservoir and the approximate 100 foot high embankment type dam that contains 275 million gallons of water in the reservoir. In the unlikely event that the dam were to suffer a catastrophic failure and quickly discharge a large portion of the stored water there is the potential for significant damage downstream of the reservoir. The District also owns and maintains a much smaller dam at the WRP Effluent Holding Pond with a capacity of 12 million gallons.



The District goes to great lengths to maintain both facilities and thereby mitigate the potential for a failure of either dam. The potential liability is clearly much higher with the R-6 dam. The typical failure scenarios for an embankment dam are extremely unlikely given the nature of the construction of the R-6 dam, the existing polypropylene liner in the reservoir and the complete control of the reservoir level. However, given the potential damage that would be incurred due to a catastrophic failure, the District has historically maintained Dam Failure Liability Insurance through JPIA with excess coverage up to \$20 Million.

JPIA has informed the District that the current insurance market is very limited for Dam Failure liability and many carriers have declined to quote coverage. The change in market conditions and lack of reinsurance capacity has made the renewal very challenging. JPIA was ultimately able to secure a renewal with similar coverage but the cost to renew the existing liability policy has increased significantly.

For comparison purposes, the actual cost for dam failure liability insurance for the last three years is summarized as follows:

	2016-17	2017-18	2018-19
R-6 Reservoir	\$13,661	\$13,629	\$16,951
WRP Effluent Holding Pond	\$2,231	\$2,226	\$2,204
Total	\$15,893	\$15,855	\$19,155

The proposed cost for the current renewal is broken down as follows:

Dam	Capacity	Safety National LIMIT \$5 million	Great American/Markel LIMIT \$10 million	Everest LIMIT \$5 million	Total LIMIT \$20 million
R-6 Reservoir	877 af	\$7,037	\$31,009	\$10,161	\$48,207
WRP Effluent Holding Pond	43 af	\$1,407	\$7,382	\$2,419	\$11,208
Total		\$8,444	\$38,391	\$12,580	\$59,415

RECOMMENDATION

Recommended Action at the November 25, 2019 Board Meeting:

Staff recommends that the Board of Directors authorize the District's General Manager to pay the ACWA JPIA renewal invoice for Dam Failure Liability Insurance in the amount of \$59,415.

EL TORO WATER DISTRICT
FINANCIAL REPORT
November 25, 2019

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**EL TORO WATER DISTRICT
BALANCE SHEET**

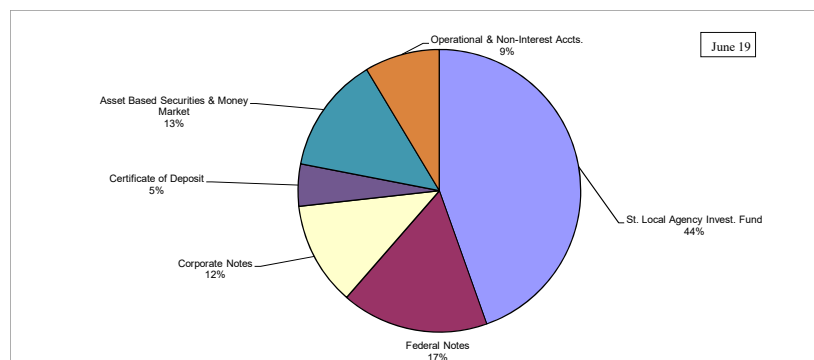
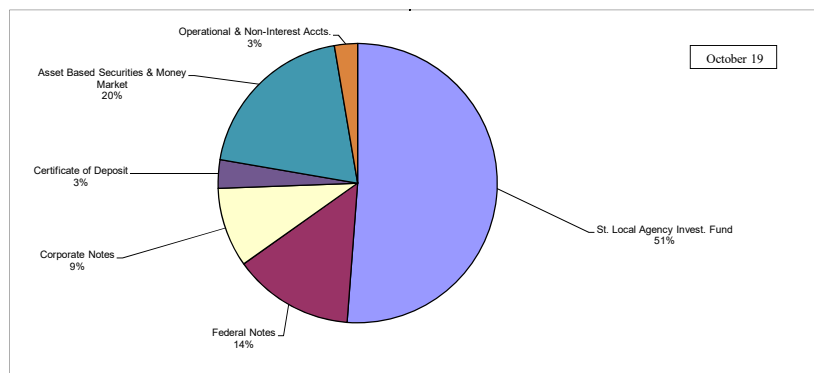
	10/31/19 (Unaudited)	June 30, 2019 (Unaudited)
ASSETS		
Current Assets		
Cash & Investments	\$7,893,390	\$6,760,545
Receivables:		
Accounts Receivable	4,089,355	3,277,036
Notes Receivable	-	-
Inventories	656,228	654,177
Prepaid Expenses	576,879	110,560
Total Current Assets	13,215,852	10,802,318
Restricted Assets		
Cash & Investments	12,466,611	13,099,458
Total Restricted Assets	12,466,611	13,099,458
Non-Current Assets		
Utility Plant:		
Land & Easements	7,451,585	7,451,585
Long Term Leases	342,382	342,382
Equipment	114,756,151	114,124,824
Collection & Impound Reservoirs	6,243,706	6,243,706
Structure & Improvements	34,846,877	34,806,127
Total Utility Plant	163,640,702	162,968,625
Less Accumulated Depreciation & Amortization	(76,805,432)	(75,286,504)
Net Utility Plant	86,835,271	87,682,121
Construction Work in Progress		
Notes Receivable	6,879,052	6,841,709
Deffered Outflow OPEB	-	-
Deffered Outflow OPEB	3,337,168	-
Total Non-current Assets	97,051,491	94,523,830
TOTAL ASSETS	\$122,733,954	\$118,425,606

**EL TORO WATER DISTRICT
BALANCE SHEET**

	10/31/19 (Unaudited)	June 30, 2019 (Unaudited)
LIABILITIES and EQUITY		
Liabilities		
Current Liabilities Payable		
Accounts Payable	\$1,775,051	\$1,591,429
Current Portion of Long-Term Debt	1,819,991	6,180
Other Current Liabilities	2,595,139	1,694,362
Total Current Liabilities Payable		
From Current Assets	6,190,181	3,291,971
Long Term Debt		
Long Term Debt	51,149,798	49,304,045
Total Long Term Debt	51,149,798	49,304,045
Total Liabilities	57,339,979	52,596,016
Fund Equity		
Retained Earnings - Reserved	17,034,893	17,034,893
Contributed Capital	8,744,767	8,744,767
Retained Earnings - Unreserved	38,773,389	36,941,072
Net Income	840,926	3,108,858
Total Fund Equity	65,393,976	65,829,590
Total Liabilites & Fund Equity	\$122,733,954	\$118,425,606

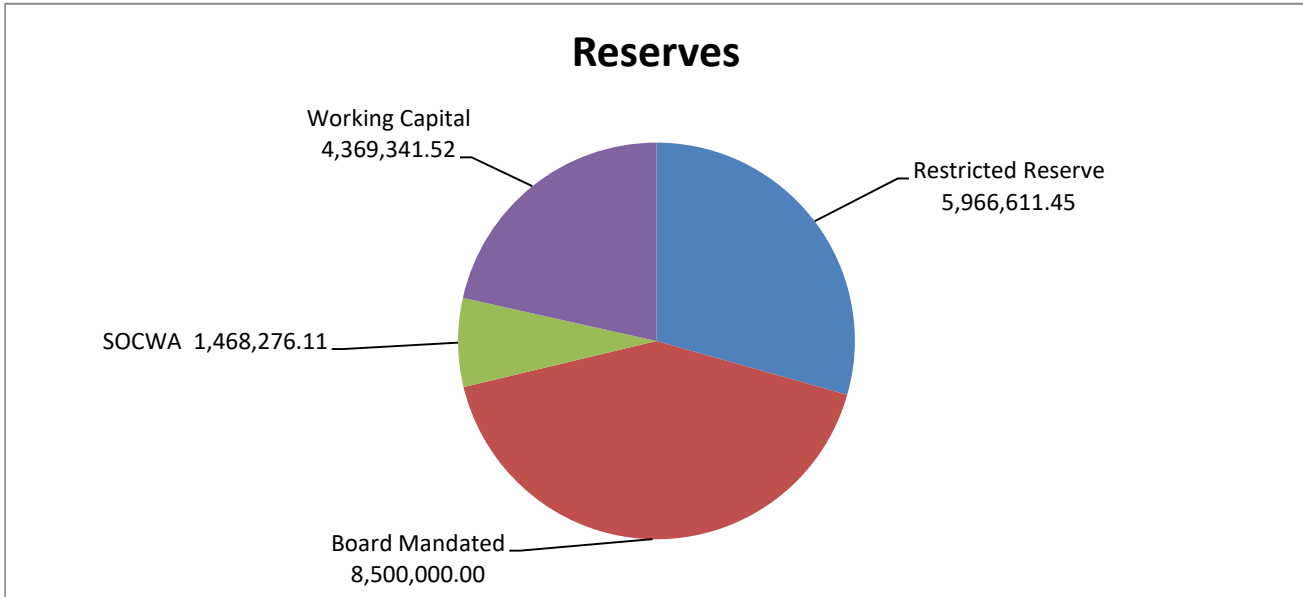
CASH & INVESTMENTS SUMMARY OF INVESTMENTS BY TYPE

Table listing investments by type, including columns for Maturity Dates, Par, Market Value, Financial Institution, YTM, and Original Cost. Categories include State Local Agency Investment Fund, Federal Notes, Corporate Notes, Certificate of Deposit, and Asset Based Securities & Money Market. Includes a summary table for Operational & Non-Interest Bearing Accounts.



LIQUIDITY table with columns for date (October 31, 2019 and June 30, 2019), dollar amounts, and percentages for DEMAND, 30 Days, 31-180 Days, 181-360, 361-1800 Days, and TOTAL.

**EL TORO WATER DISTRICT
RESERVE ANALYSIS
31-Oct-19**



Restricted Reserve	\$	5,966,611
Board Mandated	\$	8,500,000
SOCWA	\$	1,468,276
Capital Cash Flow / Compliance	\$	4,369,342
Total	\$	20,304,229

Restricted Reserve

SRFL-Recycled Phase I	\$	1,602,958
SRFL-Recycled Phase II	\$	409,046
Capital Facilities Reserve	\$	64,514
Tiered Cons Fund	\$	2,396,732
Baker Funding	\$	1,493,361
Total	\$	5,966,611

Board Mandated Minimum Reserve Levels

Capital Construction	\$	3,000,000
Rate Stabilization	\$	2,200,000
Operations	\$	1,300,000
Working Capital	\$	2,000,000
Total	\$	8,500,000

Six months operating expense requirement:	\$11,119,197
Cash less restricted reserve on hand:	\$14,337,618

EL TORO WATER DISTRICT CHANGE IN RESERVES

	<u>October 31, 2019</u>	<u>Year to Date</u>	<u>June 30, 2019</u>
Operating Revenue	2,363,385	9,418,951	26,368,844
Non-operating Revenue	186,395	648,390	2,908,390
Total Revenue	<u>2,549,780</u>	<u>10,067,341</u>	<u>29,277,234</u>
Operating Expenses	1,807,765	7,506,947	22,462,405
Depreciation & Amortization	364,245	1,456,982	4,466,431
Non-operating Expenses	65,622	262,486	753,794
Total Expenses	<u>2,237,632</u>	<u>9,226,415</u>	<u>27,682,629</u>
NET INCOME	312,148	840,926	1,594,605
Add Depreciation & Amortization	364,245	1,456,982	4,466,431
Net Cash Provided by Operating Activities	(945,831)	(1,545,413)	(584,951)
Net Cash Provided by Investing Activities	(407,223)	(697,705)	(2,691,563)
Net Cash Provided by Financing Activities	-	-	2,594,367
Net Increase/Decrease Cash for the Period	<u>(676,660)</u>	<u>54,790</u>	<u>5,378,889</u>
Cash at Beginning of Period	20,980,889		
Cash at End of Period	20,304,229		

EL TORO WATER DISTRICT
Cash Sheet
For the month ending October 31, 2019

CHECK NUMBER	PAYMENT DATE	VENDOR NAME	PAYMENT AMOUNT
87736	10/10/2019	MUNICIPAL WATER DISTRICT OF ORANGE CO.	685,989.01
87748	10/10/2019	SOUTH ORANGE COUNTY WASTEWATER AUTHORITY	345,197.00
87719	10/10/2019	ACWA/JOINT POWERS INS. AUTH	172,271.00
87758	10/17/2019	ACWA HEALTH BENEFITS AUTHORITY	119,676.80
87820	10/24/2019	SO. CALIFORNIA EDISON CO.	102,475.86
87808	10/24/2019	MOULTON NIGUEL WATER DISTRICT	93,863.10
TOTAL CHECKS OVER \$50,000			\$ 1,519,472.77
TOTAL CHECKS IN REGISTER			\$ 1,820,386.06

DEBIT TRANSFERS

10/11/2019	PAYROLL DIRECT DEPOSIT	139,733.17
10/11/2019	FEDERAL DEPOSIT LIABILITY	31,126.50
10/11/2019	SDI & STATE TAX	12,007.76
10/11/2019	WAGE GARNISHMENTS	585.00
10/11/2019	PRUDENTIAL (401K)	50,532.75
10/11/2019	PRUDENTIAL (457)	17,591.30
10/15/2019	PAYROLL BOARD OF DIRECTOR	5,962.68
10/15/2019	SS, MEDICARE, SDI & STATE TAX	1,789.04
10/15/2019	PRUDENTIAL (457)	2,146.20
10/25/2019	PAYROLL DIRECT DEPOSIT	133,410.83
10/25/2019	FEDERAL DEPOSIT LIABILITY	28,602.10
10/25/2019	SDI & STATE TAX	10,825.86
10/25/2019	WAGE GARNISHMENTS	585.00
10/25/2019	PRUDENTIAL (401K)	47,398.28
10/25/2019	PRUDENTIAL (457)	15,412.55
10/31/2019	ADP AND BANK FEES	4,745.95
TOTAL INTERBANK WIRES / DEBIT TRANSFERS		\$ 502,454.97
TOTAL DISBURSEMENTS		\$ 2,322,841.03

ETWD EMPLOYEES

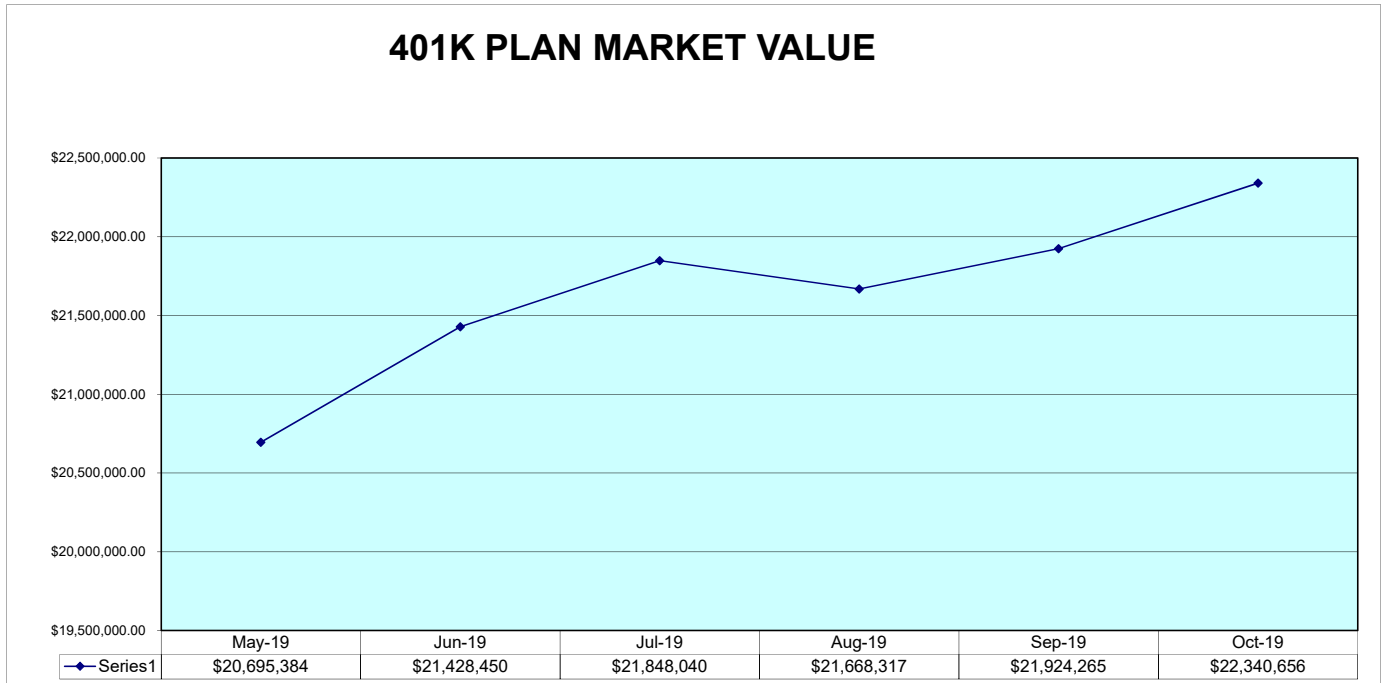
CHECK NUMBER	PAYMENT DATE	PAYEE (DESCRIPTION)	PAYMENT AMOUNT
87735	10/10/2019	MICHAEL MIAZGA (Expense Reimbursement)	574.79
87743	10/10/2019	SANDRA SUE NORBERG (Expense Reimbursement)	376.88
87838	10/29/2019	SHERRI A. SEITZ (Expense Reimbursement)	288.39
87686	10/03/2019	ABEL ESTRADA (Expense Reimbursement)	184.57
87842	10/29/2019	VINCENT COPPOLA (Expense Reimbursement)	155.00
87843	10/29/2019	WILLIAM WESSON (Expense Reimbursement)	130.00
TOTAL CHECKS TO EMPLOYEES			\$ 1,709.63

ETWD DIRECTORS

CHECK NUMBER	PAYMENT DATE	PAYEE (DESCRIPTION)	PAYMENT AMOUNT
87698	10/03/2019	JOSE VERGARA (Expense Reimbursement)	117.16
87699	10/03/2019	KATHERINE HAVENS (Expense Reimbursement)	112.63
87701	10/03/2019	MARK MONIN (Expense Reimbursement)	100.36
TOTAL CHECKS TO DIRECTORS			\$ 330.15

**EL TORO WATER DISTRICT
401K PLAN SUMMARY**

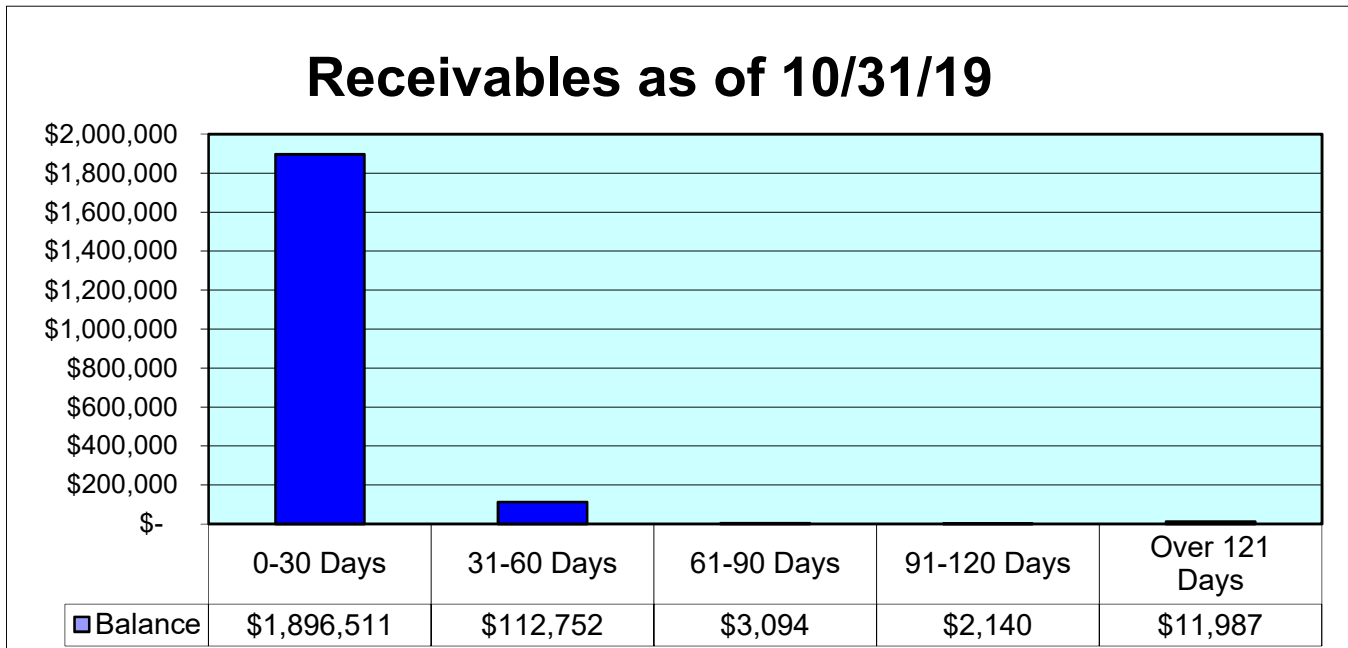
401K PLAN MARKET VALUE



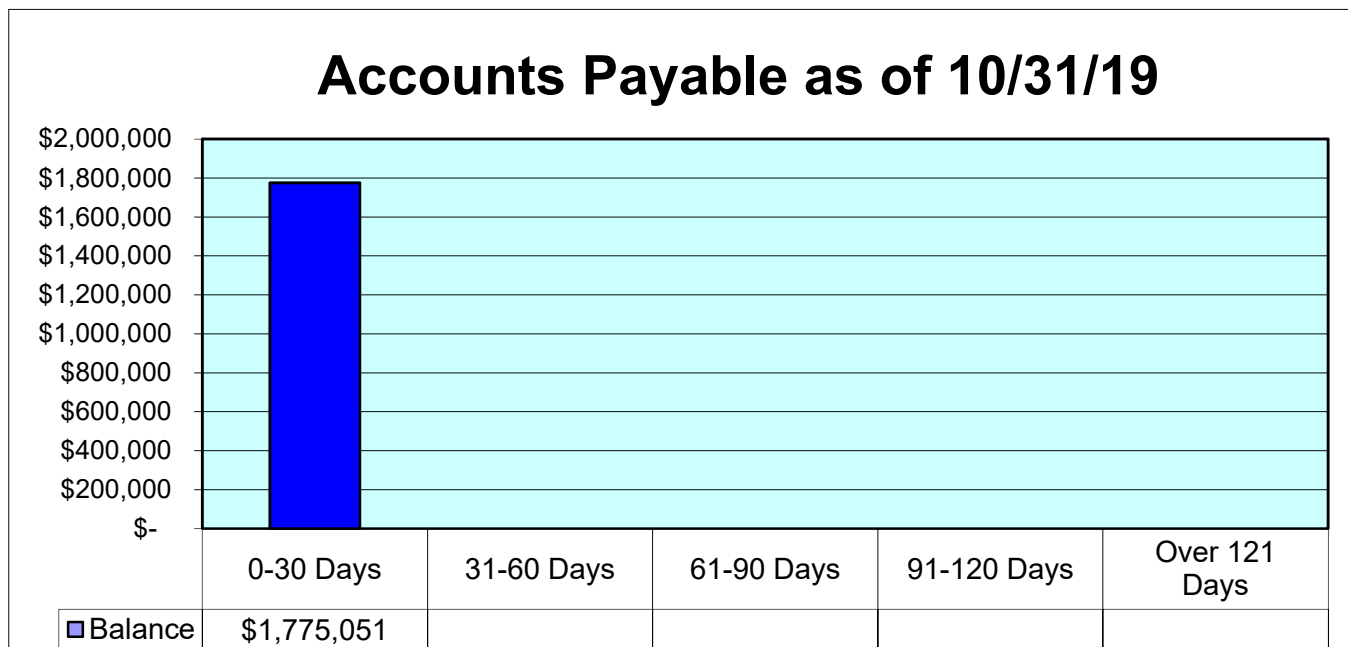
MARKET VALUE SUMMARY							
	Growth Under 40 yrs. Old	Capital Appreciation 40 to 44 yrs. Old	Balanced 45 to 49 yrs. Old	Balanced Income 50 to 54 yrs. Old	Income & Growth 55 to 59 yrs. Old	Income 60 to 64 yrs. Old	Capital Pres. Port Over 65 yrs. Old
Balance at July 1, 2019	\$ 1,506,787.68	\$549,062.24	\$1,801,553.21	\$5,954,287.10	\$6,260,620.08	\$2,461,760.00	\$2,894,379.39
Contributions	95,747.94	20,426.89	29,937.73	71,686.44	81,340.76	108,985.97	69,791.27
Withdrawals	0.00	0.00	0.00	(54,817.47)	0.00	(7,692.31)	(19,960.00)
Transfers	(20,538.08)	(91,674.24)	(576,278.95)	(1,257,870.85)	396,540.67	1,222,682.82	327,138.63
Interest, dividends and appreciation net of fees and charges	43,952.07	3,028.03	37,611.31	138,362.90	159,083.93	75,345.76	59,375.35
Balance at October 31, 2019	\$ 1,625,949.61	\$480,842.92	\$1,292,823.30	\$4,851,648.12	\$6,897,585.44	\$3,861,082.24	\$3,330,724.64
Average return YTD October 31, 2019	2.70%	0.63%	2.91%	2.85%	2.31%	1.95%	1.78%

Average return is calculated by dividing the interest, dividends and appreciation, net of fees by ending fund balance and then annualize.

RECEIVABLES & PAYABLES AGEING



Bad Debts Year to Date: \$1,698



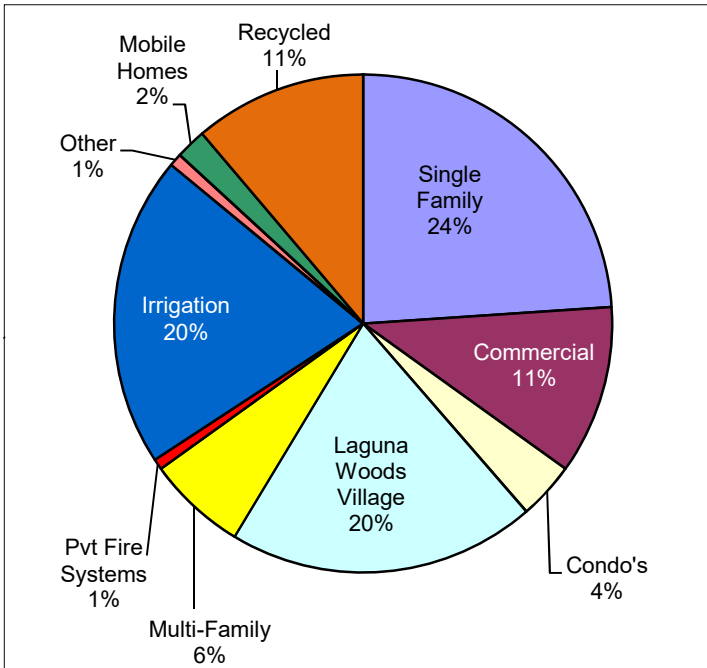
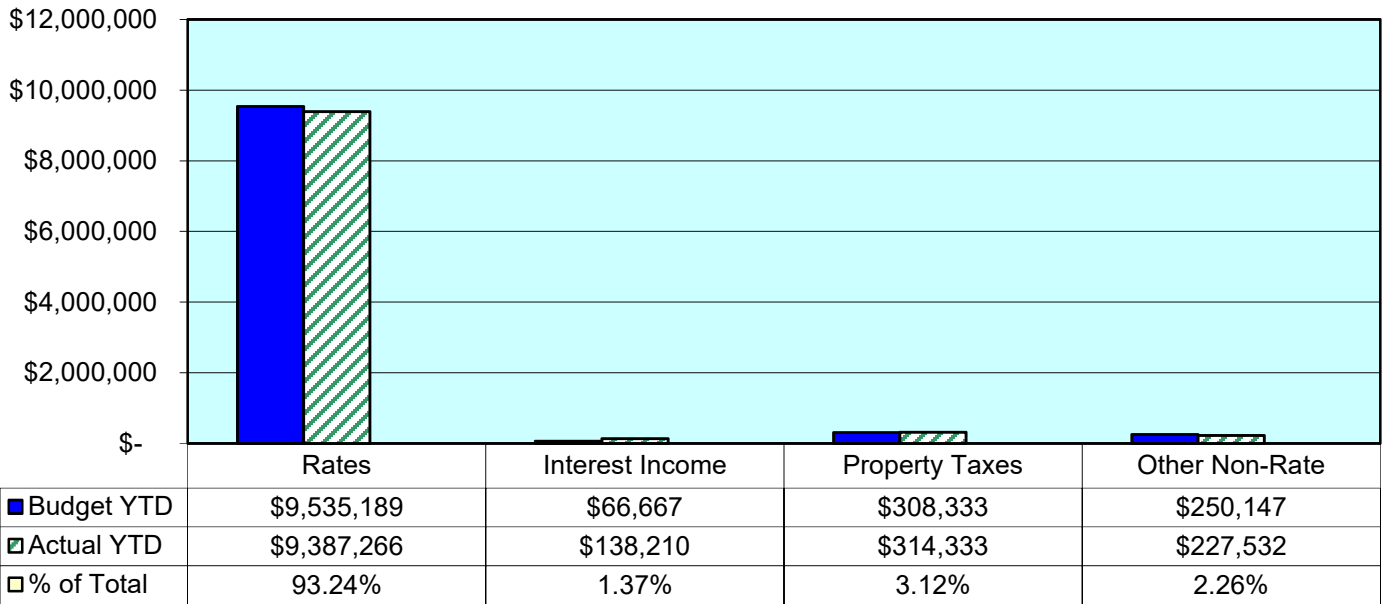
Year to Date Discounts Taken: \$263

Page 10
El Toro Water District
Income Statement
October 2019

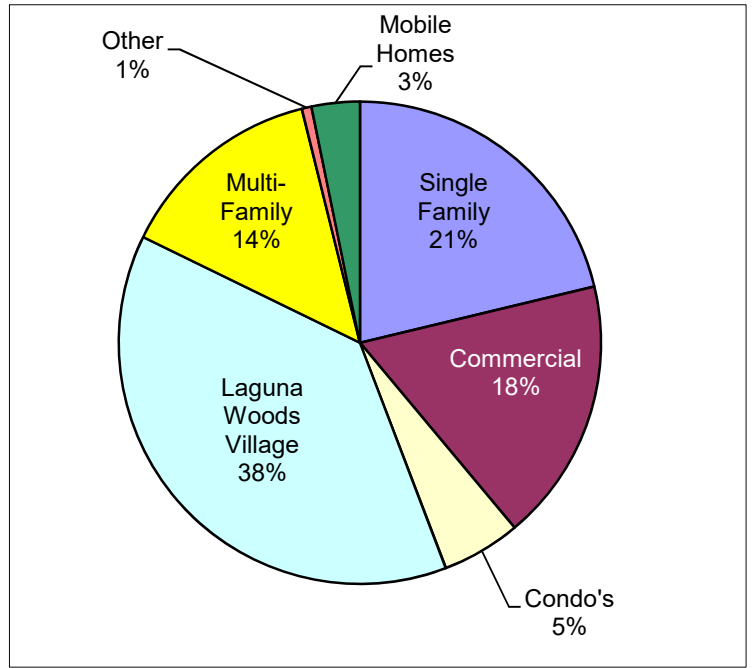
	<u>Oct 19</u>	<u>Budget</u>	<u>% of Budget</u>	<u>Jul - Oct 19</u>	<u>YTD Budget</u>	<u>% of Budget</u>	<u>Annual Budget</u>
Income							
4600 · Water Service Charge	306,813.08	301,792.00	101.66%	1,199,534.86	1,207,168.00	99.37%	3,621,504.00
4700 · Sanitary Service	645,077.66	647,916.67	99.56%	2,610,118.16	2,591,666.64	100.71%	7,775,000.00
4722 · Recycled Water Tertiary Sales	153,999.01	166,956.38	92.24%	744,306.00	706,348.57	105.37%	1,686,426.00
4724 · Service Charge - Recycled Water	20,833.80	26,558.92	78.44%	81,455.90	106,235.64	76.68%	318,707.00
4750 · Capital Facilities Charge	250,650.75	251,221.33	99.77%	1,002,315.06	1,004,885.36	99.74%	3,014,656.00
4800 · Commodity Charge	981,897.77	926,288.80	106.0%	3,749,536.07	3,918,884.47	95.68%	9,356,441.00
4950 · Other Operating Income	4,113.36	4,583.33	89.75%	20,685.38	18,333.36	112.83%	55,000.00
4960 · Other Income	63,752.57	46,666.67	136.61%	179,181.01	186,666.64	95.99%	560,000.00
4967 · SMWD	0.00	9,333.33	0.0%	0.00	37,333.36	0.0%	112,000.00
4970 · MNWD	0.00	1,953.34	0.0%	11,000.00	7,813.28	140.79%	23,440.00
4980 · Interest Income	34,241.63	16,666.67	205.45%	138,209.54	66,666.64	207.31%	200,000.00
4985 · Changes FMV CAMP	6,806.23			14,712.13			
4986 · Changes FMV LAIF	1,953.79			1,953.79			
4990 · Property Taxes	79,640.67	77,083.33	103.32%	314,333.34	308,333.36	101.95%	925,000.00
Total Income	<u>2,549,780.32</u>	<u>2,477,020.77</u>	<u>102.94%</u>	<u>10,067,341.24</u>	<u>10,160,335.32</u>	<u>99.09%</u>	<u>27,648,174.00</u>
Gross Profit	<u>2,549,780.32</u>	<u>2,477,020.77</u>	<u>102.94%</u>	<u>10,067,341.24</u>	<u>10,160,335.32</u>	<u>99.09%</u>	<u>27,648,174.00</u>
Expense							
5100 · Personnel Cost	666,132.24	712,173.54	93.54%	2,638,000.33	2,848,694.68	92.6%	8,546,083.00
5405 · Water Purchases	682,490.30	786,151.53	86.81%	2,945,009.31	3,313,724.44	88.87%	8,041,949.00
5410 · Electrical Power	76,045.85	93,783.34	81.09%	424,183.30	375,133.28	113.08%	1,125,400.00
5415 · Repair Parts & Materials	23,155.35	35,861.08	64.57%	128,268.77	143,443.36	89.42%	430,332.00
5420 · Equipment Maintenance & Repair	21,452.34	10,260.43	209.08%	46,581.77	41,041.56	113.5%	123,125.00
5425 · Pump Maintenance & Repair	12,754.15	9,483.33	134.49%	35,152.73	37,933.36	92.67%	113,800.00
5430 · Motor Maintenance & Repair	0.00	2,191.66	0.0%	6,849.77	8,766.72	78.13%	26,300.00
5440 · Electrical/Cont'l Maint & Repair	6,748.98	5,970.85	113.03%	12,919.24	23,883.20	54.09%	71,650.00
5445 · Meter Maintenance & Repair	460.00	666.67	69.0%	460.00	2,666.64	17.25%	8,000.00
5455 · Chemicals	20,586.18	17,450.00	117.97%	95,764.93	69,800.00	137.2%	209,400.00
5460 · Structure Maint & Repair	1,765.19	2,523.67	69.95%	6,117.77	10,094.64	60.6%	30,284.00
5465 · Asphalt Maintenance & Repair	3,520.00	7,716.66	45.62%	36,473.00	30,866.72	118.16%	92,600.00
5470 · Consultants	13,670.87	5,316.67	257.13%	23,389.42	21,266.64	109.98%	63,800.00
5475 · Contractors	101,949.34	101,658.35	100.29%	350,250.08	406,633.20	86.13%	1,219,900.00
5480 · Engineers	2,648.00	6,333.33	41.81%	33,609.15	25,333.36	132.67%	76,000.00
5482 · Dump Fees	1,049.05	1,333.34	78.68%	3,630.49	5,333.28	68.07%	16,000.00
5485 · Laboratory	8,280.43	2,991.67	276.78%	13,539.35	11,966.64	113.14%	35,900.00
5490 · License & Permits	6,386.34	12,532.78	50.96%	18,259.31	50,130.76	36.42%	150,393.00
5495 · Gas & Oil	9,813.78	7,916.67	123.96%	38,261.02	31,666.64	120.82%	95,000.00
5500 · Equipment Rental	683.51	1,675.00	40.81%	3,631.74	6,700.00	54.21%	20,100.00
5505 · Landscaping	10,768.66	12,272.92	87.74%	27,405.64	49,091.64	55.83%	147,275.00
5510 · Small Tools & Equipment	6,880.50	5,833.34	117.95%	23,087.23	23,333.28	98.95%	70,000.00
5515 · Security	0.00	1,587.94	0.0%	6,380.50	6,351.48	100.46%	19,055.00
5520 · Operating Supplies	6,890.59	4,333.33	159.01%	17,404.62	17,333.36	100.41%	52,000.00
5525 · Safety Equipment	83.32	1,691.67	4.93%	6,034.17	6,766.64	89.18%	20,300.00
5530 · Temporary Help	0.00	3,041.67	0.0%	0.00	12,166.64	0.0%	36,500.00
5535 · Other Employee Cost	3,883.34	7,441.67	52.18%	48,316.26	29,766.64	162.32%	89,300.00
5540 · Depreciation	363,675.00	372,500.00	97.63%	1,454,700.00	1,490,000.00	97.63%	4,470,000.00
5545 · Insurance	43,972.02	46,479.58	94.61%	175,153.17	185,918.36	94.21%	557,755.00
5555 · Advertising & Publicity	0.00	166.67	0.0%	560.00	666.64	84.0%	2,000.00
5560 · Amortization	570.49	570.83	99.94%	2,281.96	2,283.36	99.94%	6,850.00
5570 · Annual Event	0.00	500.00	0.0%	0.00	2,000.00	0.0%	6,000.00
5575 · Audit	0.00	2,500.00	0.0%	16,500.00	10,000.00	165.0%	30,000.00
5580 · Bad Debts	-90.45	1,666.67	-5.43%	1,698.14	6,666.64	25.47%	20,000.00
5585 · Bank Charges	4,634.27	4,750.00	97.56%	19,258.53	19,000.00	101.36%	57,000.00
5590 · Data Processing Supply & Access	344.00	1,916.68	17.95%	4,872.77	7,666.56	63.56%	23,000.00
5595 · Data Processing Equipment	0.00	2,999.99	0.0%	8,425.56	12,000.08	70.21%	36,000.00
5600 · Data Processing Consultants	5,800.00	6,250.00	92.8%	17,957.75	25,000.00	71.83%	75,000.00
5605 · Directors Fees	9,636.00	9,166.67	105.12%	36,692.00	36,666.64	100.07%	110,000.00
5610 · Dues & Memberships	6,491.94	7,782.50	83.42%	24,973.76	31,130.00	80.22%	93,390.00
5615 · Education & Training	7,843.54	3,583.33	218.89%	15,589.79	14,333.36	108.77%	43,000.00
5620 · Election Expense	0.00	0.00	0.0%	0.00	0.00	0.0%	0.00
5625 · Employee Service Awards	757.58	316.67	239.23%	1,628.93	1,266.64	128.6%	3,800.00
5630 · Software Maintenance & Licenses	2,190.08	13,750.00	15.93%	41,811.78	55,000.00	76.02%	165,000.00
5640 · Interest Expense	65,621.62	60,963.08	107.64%	262,486.48	243,852.36	107.64%	731,557.00
5645 · Janitorial	3,127.75	2,816.67	111.04%	12,202.00	11,266.64	108.3%	33,800.00
5650 · Legal	8,576.85	8,333.33	102.92%	37,930.44	33,333.36	113.79%	100,000.00
5655 · Meets, Conventions & Travel	4,675.60	3,250.00	143.87%	15,851.62	13,000.00	121.94%	39,000.00
5657 · Meets, Con & Travel - Directors	807.35	2,474.16	32.63%	8,861.78	9,896.72	89.54%	29,690.00
5660 · Office Supplies	2,887.33	1,650.00	174.99%	8,566.67	6,600.00	129.8%	19,800.00
5670 · Postage	164.28	1,708.33	9.62%	459.08	6,833.36	6.72%	20,500.00
5675 · Printing & Reproduction	759.31	1,500.00	50.62%	2,259.94	6,000.00	37.67%	18,000.00
5680 · Property Tax	2.36	458.33	0.52%	47.13	1,833.36	2.57%	5,500.00
5685 · Public Education & Outreach	5,113.06	12,500.00	40.9%	26,866.24	50,000.00	53.73%	150,000.00
5690 · Publications & Subscriptions	0.00	250.00	0.0%	0.00	1,000.00	0.0%	3,000.00
5695 · Communications	10,587.51	8,795.00	120.38%	34,441.63	35,180.00	97.9%	105,540.00
5700 · Utilities	1,386.69	1,583.34	87.58%	5,358.15	6,333.28	84.6%	19,000.00
Total Expense	<u>2,237,632.49</u>	<u>2,441,374.94</u>	<u>91.66%</u>	<u>9,226,415.20</u>	<u>9,934,616.16</u>	<u>92.87%</u>	<u>27,904,628.00</u>
Net Income	<u>312,147.83</u>	<u>35,645.83</u>	<u>875.69%</u>	<u>840,926.04</u>	<u>225,719.16</u>	<u>372.55%</u>	<u>-256,454.00</u>

EL TORO WATER DISTRICT REVENUES FROM WATER & WASTE WATER SALES AS OF 10/31/19

Where the Money Comes From



WATER REVENUE YTD 2019/2020



WASTE WATER REVENUE YTD 2019/2020

**EL TORO WATER DISTRICT
REVENUE COMPARISON
For the Month Ended October 31, 2019**

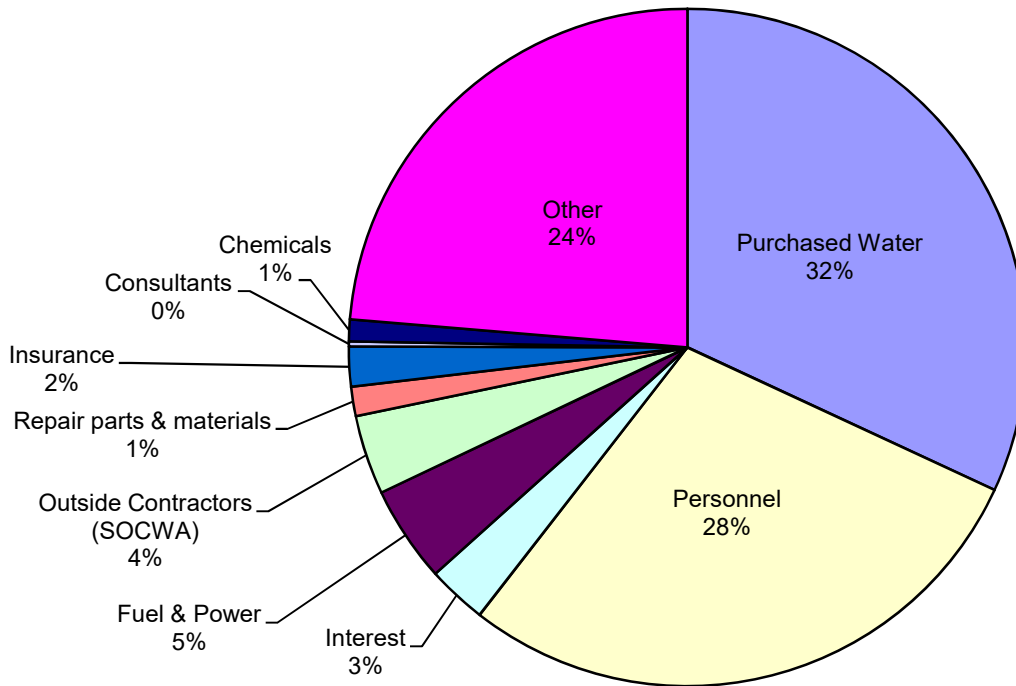
	ACTUAL	CURRENT MONTH BUDGET	VARIANCE DOLLARS	% +/-	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE DOLLARS	% +/-	BUDGET	REMAINING BUDGET
<u>From Rates</u>										
Capital Facilities Charge	\$ 250,651	\$ 251,221	\$ (571)	0%	\$ 1,002,315	\$ 1,004,885	\$ (2,570)	0%	\$ 3,014,656	\$ 2,012,341
Water sales - Commodity	981,898	926,289	55,609	6%	3,749,536	3,918,884	(169,348)	-4%	9,356,441	5,606,905
Water sales - Fixed Meter	306,813	301,792	5,021	2%	1,199,535	1,207,168	(7,633)	-1%	3,621,504	2,421,969
Waste water sales	645,078	647,917	(2,839)	0%	2,610,118	2,591,667	18,452	1%	7,775,000	5,164,882
Recycled water tertiary sales	153,999	166,956	(12,957)	-8%	744,306	706,349	37,957	5%	1,686,426	942,120
Service charge - Recycled water	20,834	26,559	(5,725)	-22%	81,456	106,236	(24,780)	-23%	318,707	237,251
TOTAL FROM RATES	2,359,272	2,320,734	38,538	2%	9,387,266	9,535,189	(147,923)	-2%	25,772,734	16,385,468
<u>Non-rate Revenue</u>										
Admin fee	1,788	1,600	188	12%	11,335	6,400	4,935	77%	19,200	7,865
48 Hour notice fee	1,860	2,451	(591)	-24%	7,830	9,805	(1,975)	-20%	29,416.44	21,586
Restoration fee	290	370	(80)	-22%	990	1,480	(490)	-33%	4,440	3,450
Unpaid check fee	175	150	25	17%	530	600	(70)	-12%	1,800	1,270
Cut lock fee	-	12	(12)	-100%	-	48	(48)	-100%	144	144
TOTAL NON-RATE	4,113	4,583	(470)	-10%	20,685	18,333	2,352	13%	55,000	34,315
<u>Other Revenue</u>										
Interest	34,242	16,667	17,575	105%	138,210	66,667	71,543	107%	200,000	61,790
Change FMV Investment	8,760	-	8,760	0%	16,666	-	16,666	0%	-	(16,666)
Property taxes	79,641	77,083	2,557	3%	314,333	308,333	6,000	2%	925,000	610,667
Other	63,753	46,667	17,085	37%	179,181	186,667	(7,486)	-4%	560,000	380,819
TOTAL OTHER REVENUE	186,395	140,417	45,978	33%	648,390	561,667	86,723	15%	1,685,000	1,036,610
<u>Contract Service</u>										
Santa Margarita W. D.	-	9,333	(9,333)	-100%	-	37,333	(37,333)	-100%	112,000	112,000
Moulton Niguel W. D.	-	1,953	(1,953)	-100%	11,000	7,813	3,187	41%	23,440	12,440
TOTAL CONTRACT SERVICES	-	11,287	(11,287)	-100%	11,000	45,147	(34,147)	-76%	135,440	124,440
TOTAL REVENUE	\$ 2,549,780	\$ 2,477,021	\$ 72,760	3%	\$ 10,067,341	\$ 10,160,335	\$ (92,994)	-1%	\$ 27,648,174	\$ 17,580,833

**EL TORO WATER DISTRICT
NON-RATE REVENUE ANALYSIS
FOR THE MONTH ENDING October 31, 2019**

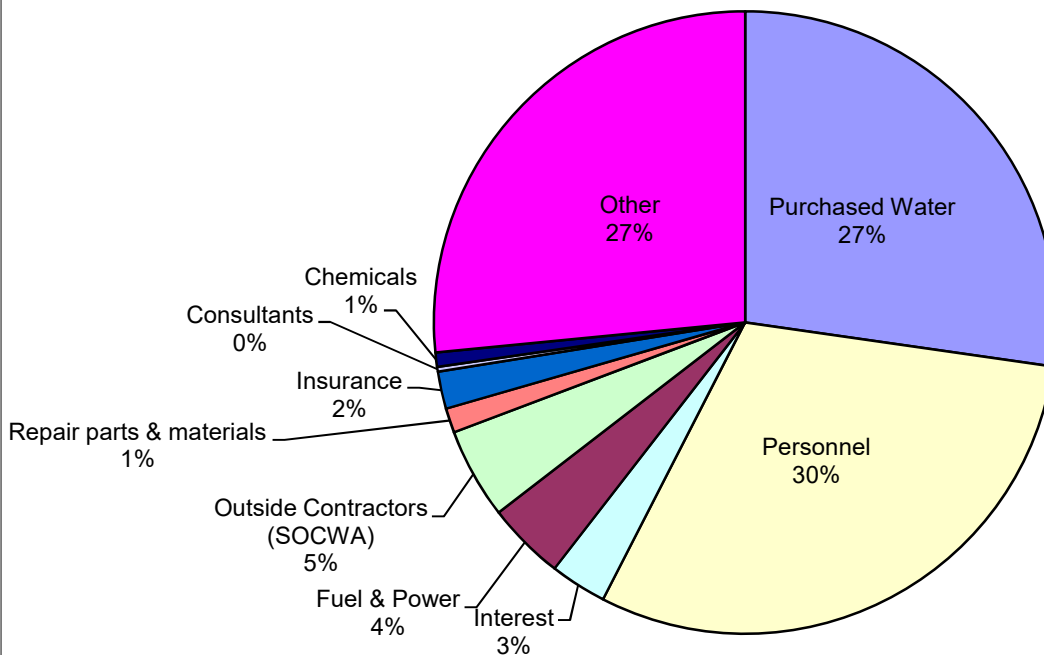
	Oct-19 Actual	Oct-19 Budget	Jul 19- Oct 19 YTD Actual	Jul 19- Oct 19 YTD Budget
Site Leases	26,503	19,167	76,233	76,667
MWD Recycled Water LRP Rebate	37,250	25,833	100,500	103,333
JPIA Refund		-	-	-
SOCWA Refund		-	-	-
Recycled Metal	-	-	978	-
Diesel Fuel Tax Refund	-	-	71	-
Misc Work for Customers	-	1,667	1,399	6,667
	<u>\$ 63,753</u>	<u>\$ 46,667</u>	<u>\$ 179,181</u>	<u>\$ 186,667</u>
Other Operating Income				
Sales to Santa Margarita	-		-	
Sales to Moulton Niguel	-		-	
	<u>-</u>		<u>-</u>	
Total	<u>63,753</u>		<u>179,181</u>	

WHERE THE MONEY GOES

YTD EXPENSES AT 10/31/19



EXPENSES YEAR ENDING 6/30/19



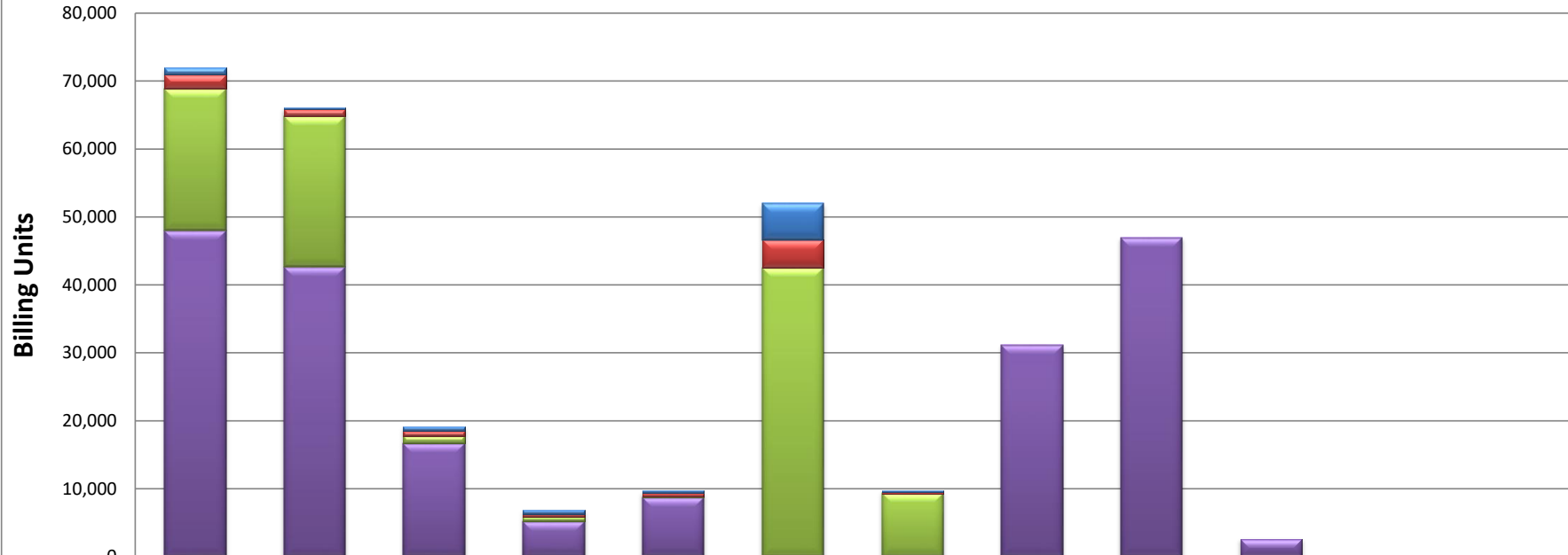
EL TORO WATER DISTRICT
Expense Comparison
For the Month Ended October 31, 2019

	ACTUAL	CURRENT MONTH BUDGET	VARIANCE DOLLARS	% +/-	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE DOLLARS	% +/-	Annual BUDGET	REMAINING BUDGET
<u>Operating Expenses</u>										
Personnel cost	\$666,132	\$712,174	\$46,041	6%	\$2,638,000	\$2,848,695	\$210,694	7%	\$8,546,083	5,908,083
Purchased water	682,490	786,152	103,661	13%	2,945,009	3,313,724	368,715	11%	8,041,949	5,096,940
Electrical power	76,046	93,783	17,737	19%	424,183	375,133	(49,050)	-13%	1,125,400	701,217
Repair parts & materials	23,155	35,861	12,706	35%	128,269	143,443	15,175	11%	430,332	302,063
Equipment repairs & maintenance	21,452	10,260	(11,192)	-109%	46,582	41,042	(5,540)	-13%	123,125	76,543
Pump repairs & maintenance	12,754	9,483	(3,271)	-34%	35,153	37,933	2,781	7%	113,800	78,647
Motor repairs & maintenance	-	2,192	2,192	100%	6,850	8,767	1,917	22%	26,300	19,450
Electrical repairs & maintenance	6,749	5,971	(778)	-13%	12,919	23,883	10,964	46%	71,650	58,731
Meter repairs & maintenance	460	667	207	31%	460	2,667	2,207	83%	8,000	7,540
Chemicals	20,586	17,450	(3,136)	-18%	95,765	69,800	(25,965)	-37%	209,400	113,635
Structure repairs & maintenance	1,765	2,524	758	30%	6,118	10,095	3,977	39%	30,284	24,166
Asphalt repairs & maintenance	3,520	7,717	4,197	54%	36,473	30,867	(5,606)	-18%	92,600	56,127
Consultants - outside	13,671	5,317	(8,354)	-157%	23,389	21,267	(2,123)	-10%	63,800	40,411
Contractors - outside	101,949	101,658	(291)	0%	350,250	406,633	56,383	14%	1,219,900	869,650
Engineers - outside	2,648	6,333	3,685	58%	33,609	25,333	(8,276)	-33%	76,000	42,391
Dump fees	1,049	1,333	284	21%	3,630	5,333	1,703	32%	16,000	12,370
Laboratories	8,280	2,992	(5,289)	-177%	13,539	11,967	(1,573)	-13%	35,900	22,361
License & permits	6,386	12,533	6,146	49%	18,259	50,131	31,871	64%	150,393	132,134
Automotive fuel & oil	9,814	7,917	(1,897)	-24%	38,261	31,667	(6,594)	-21%	95,000	56,739
Equipment rental	684	1,675	991	59%	3,632	6,700	3,068	46%	20,100	16,468
Landscaping	10,769	12,273	1,504	12%	27,406	49,092	21,686	44%	147,275	119,869
Small tools & equipment	6,881	5,833	(1,047)	-18%	23,087	23,333	246	1%	70,000	46,913
Security	-	1,588	1,588	100%	6,381	6,351	(29)	0%	19,055	12,675
Operating supplies	6,891	4,333	(2,557)	-59%	17,405	17,333	(71)	0%	52,000	34,595
Safety equipment	83	1,692	1,608	95%	6,034	6,767	732	11%	20,300	14,266
Temporary help	-	3,042	3,042	100%	0	12,167	12,167	100%	36,500	36,500
Other employee cost	3,883	7,442	3,558	48%	48,316	29,767	(18,550)	-62%	89,300	40,984
Employee service awards	758	317	(441)	-139%	1,629	1,267	(362)	-29%	3,800	2,171
Education & training	7,844	3,583	(4,260)	-119%	15,590	14,333	(1,256)	-9%	43,000	27,410
Total Operating Expenses	1,696,699	1,864,093	167,394	9%	7,006,199	7,625,489	619,290	8%	20,977,246	13,971,047

EL TORO WATER DISTRICT
Expense Comparison
For the Month Ended October 31, 2019

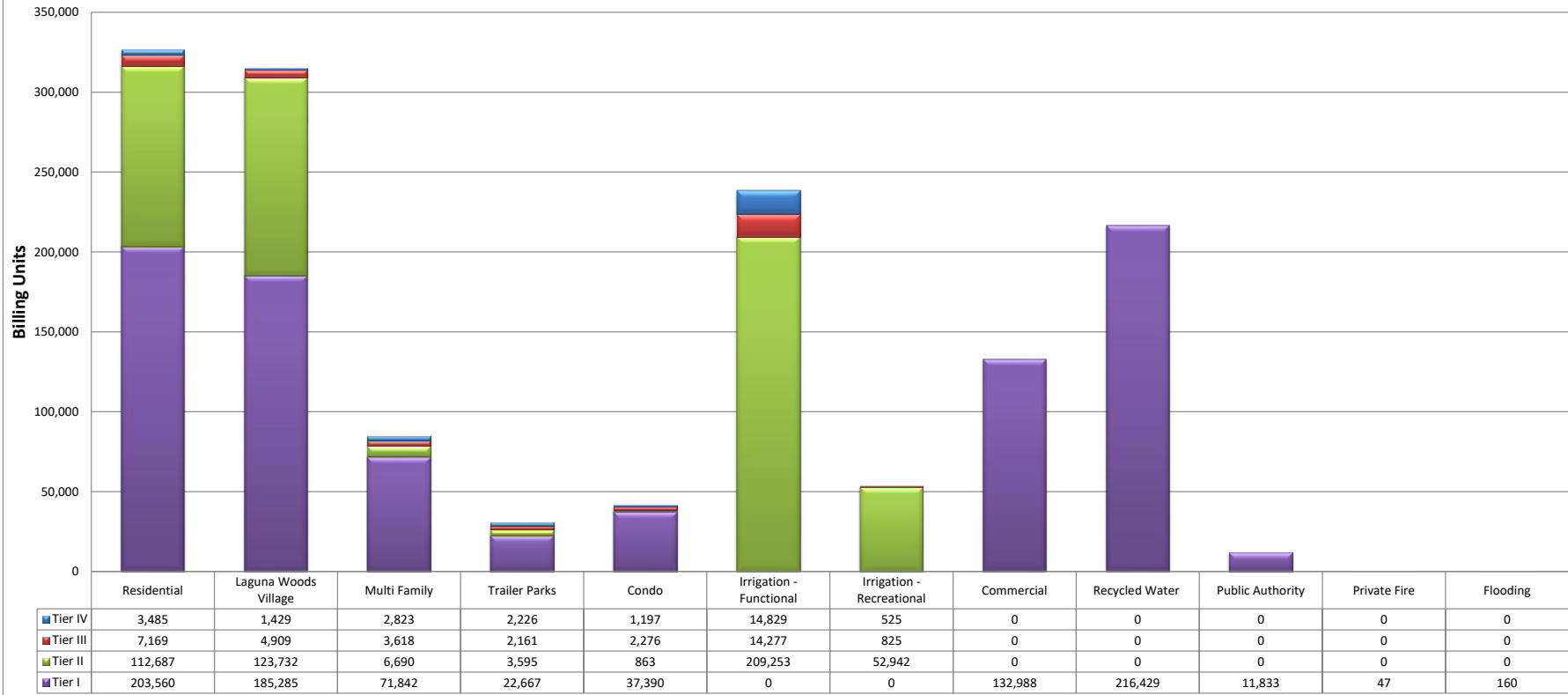
	ACTUAL	CURRENT MONTH BUDGET	VARIANCE DOLLARS	% +/-	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE DOLLARS	% +/-	Annual BUDGET	REMAINING BUDGET
<u>Indirect Cost</u>										
Depreciation	363,675	372,500	8,825	2%	1,454,700	1,490,000	35,300	2%	4,470,000	3,015,300
Amortization	570	571	0	0%	2,282	2,283	1	0%	6,850	4,568
Insurance	43,972	46,480	2,508	5%	175,153	185,918	10,765	6%	557,755	382,602
Data processing supplies & assc.	344	1,917	1,573	82%	4,873	7,667	2,794	36%	23,000	18,127
Data processing equipment	0	3,000	3,000	100%	8,426	12,000	3,575	30%	36,000	27,574
Data processing consultants	5,800	6,250	450	7%	17,958	25,000	7,042	28%	75,000	57,042
Software maintenance & licenses	2,190	13,750	11,560	84%	41,812	55,000	13,188	24%	165,000	123,188
Janitorial	3,128	2,817	(311)	-11%	12,202	11,267	(935)	-8%	33,800	21,598
Printing & reproduction	759	1,500	741	49%	2,260	6,000	3,740	62%	18,000	15,740
Publications & subscriptions	0	250	250	100%	0	1,000	1,000	100%	3,000	3,000
Communications - voice	1,182	3,333	2,152	65%	8,150	13,333	5,183	39%	40,000	31,850
Communications - data	6,783	3,289	(3,494)	-106%	16,191	13,157	(3,034)	-23%	39,470	23,279
Communications - mobile	2,622	2,173	(450)	-21%	10,101	8,690	(1,411)	-16%	26,070	15,969
Utilities	1,387	1,583	197	12%	5,358	6,333	975	15%	19,000	13,642
Total Indirect Cost	432,413	459,412	26,999	6%	1,759,465	1,837,648	78,184	4%	5,512,945	3,753,480
<u>Overhead Cost</u>										
Annual events	-	500	500	100%	-	2,000	2,000	100%	6,000	6,000
Audit	-	2,500	2,500	100%	16,500	10,000	(6,500)	-65%	30,000	13,500
Bad debts	(90)	1,667	1,757	105%	1,698	6,667	4,969	75%	20,000	18,302
Bank charges	4,634	4,750	116	2%	19,259	19,000	(259)	-1%	57,000	37,741
Directors fees	9,636	9,167	(469)	-5%	36,692	36,667	(25)	0%	110,000	73,308
Dues & memberships	6,492	7,783	1,291	17%	24,974	31,130	6,156	20%	93,390	68,416
Election Expense	-	-	0	0%	0	0	0	0%	0	0
Interest	65,622	60,963	(4,659)	-8%	262,486	243,852	(18,634)	-8%	731,557	469,071
Legal	8,577	8,333	(244)	-3%	37,930	33,333	(4,597)	-14%	100,000	62,070
Meetings, conventions & travel	4,676	3,250	(1,426)	-44%	15,852	13,000	(2,852)	-22%	39,000	23,148
Meets, con & travel - Directors	807	2,474	1,667	67%	8,862	9,897	1,035	10%	29,690	20,828
Office supplies	2,887	1,650	(1,237)	-75%	8,567	6,600	(1,967)	-30%	19,800	11,233
Postage	164	1,708	1,544	90%	459	6,833	6,374	93%	20,500	20,041
Property taxes	2	458	456	99%	47	1,833	1,786	97%	5,500	5,453
Advertising & Publicity	-	167	167	100%	560	667	107	16%	2,000	1,440
Public education & outreach	5,113	12,500	7,387	59%	26,866	50,000	23,134	46%	150,000	123,134
Total Overhead Cost	108,520	117,870	9,350	8%	460,752	471,479	10,727	2%	1,414,437	953,685
TOTAL EXPENSES	\$2,237,632	\$2,441,375	\$203,742	8%	\$9,226,415	\$9,934,616	\$708,201	7%	\$27,904,628	\$18,678,213

October 2019 Water Sales

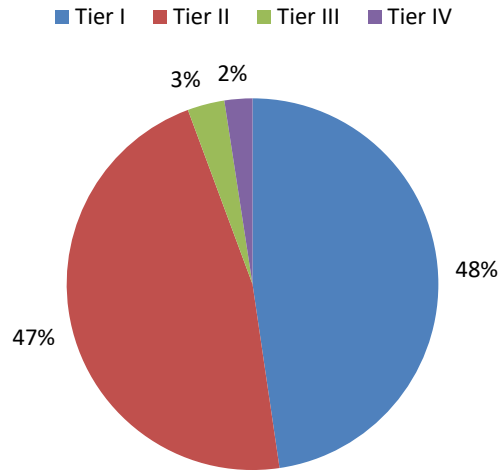


	Residential	Laguna Woods Village	Multi Family	Trailer Parks	Condo	Irrigation - Functional	Irrigation - Recreational	Commercial	Recycled Water	Public Authority	Private Fire	Flooding
■ Tier IV	1,065	273	678	638	320	5,399	218	0	0	0	0	0
■ Tier III	2,076	1,025	753	426	474	4,131	209	0	0	0	0	0
■ Tier II	20,896	22,157	1,127	652	194	42,532	9,304	0	0	0	0	0
■ Tier I	48,003	42,710	16,660	5,224	8,700	0	0	31,129	46,937	2,609	5	79

Year-to-Date Water Sales as of October 2019

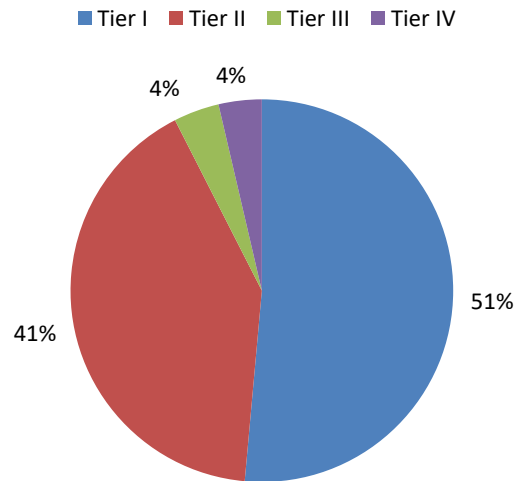


Year to Date Tiered Sales As of October 2019



Year To Date Sales in ccf		
Tier I	520,744	47.68%
Tier II	509,762	46.67%
Tier III	35,235	3.23%
Tier IV	26,514	2.43%
	1,092,255	100.00%

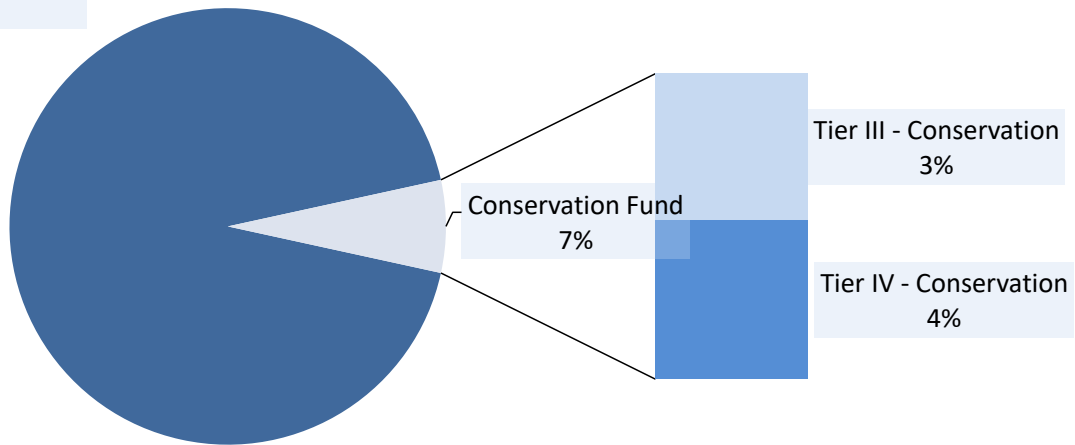
October 2019 Tiered Sales



Current Month Sales in ccf		
Tier I	121,297	51.43%
Tier II	96,862	41.07%
Tier III	9,094	3.86%
Tier IV	8,591	3.64%
	235,844	100.00%

Year to Date Water Sales as of October 2019

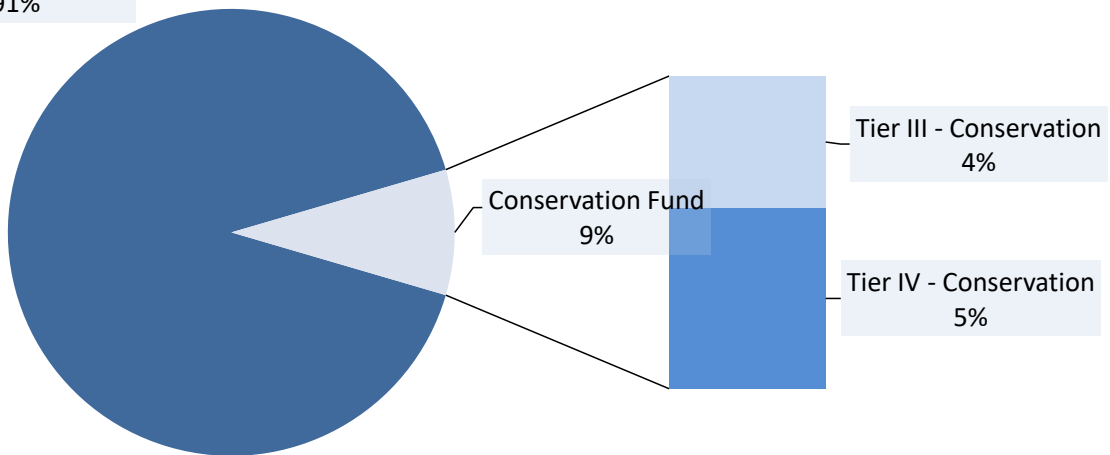
Water Delivery Cost
93%



Category	Billings	Percentage
Water Delivery Cost	\$3,039,336.48	93.15%
Tier III - Conservation	\$107,114.40	3.28%
Tier IV - Conservation	\$116,221.98	3.56%
	\$3,262,672.86	100.00%

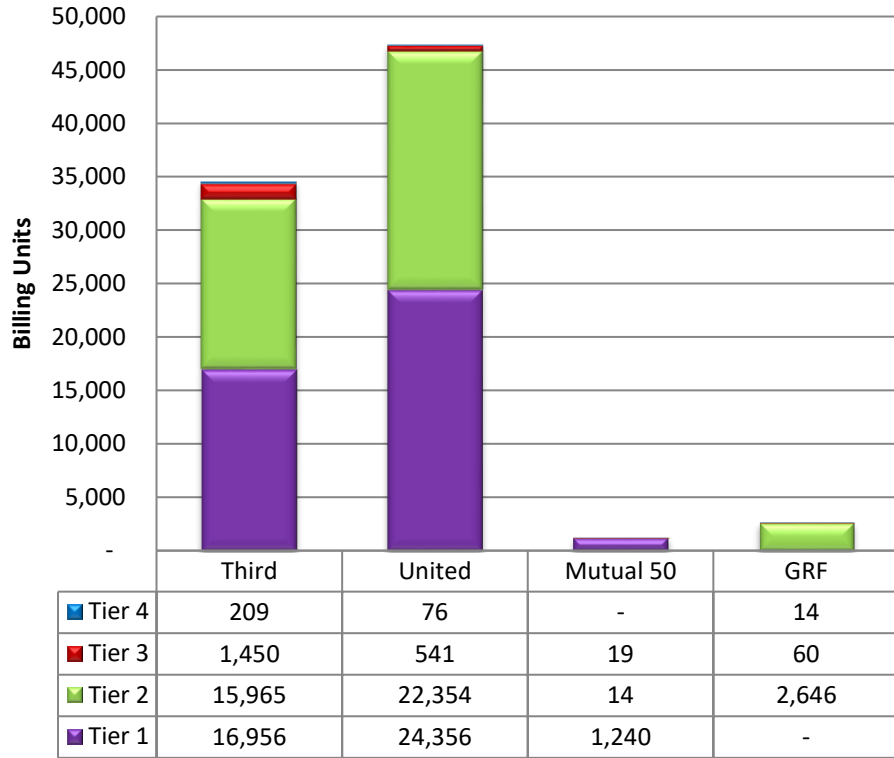
October 2019 Water Sales

Water Delivery Cost
91%

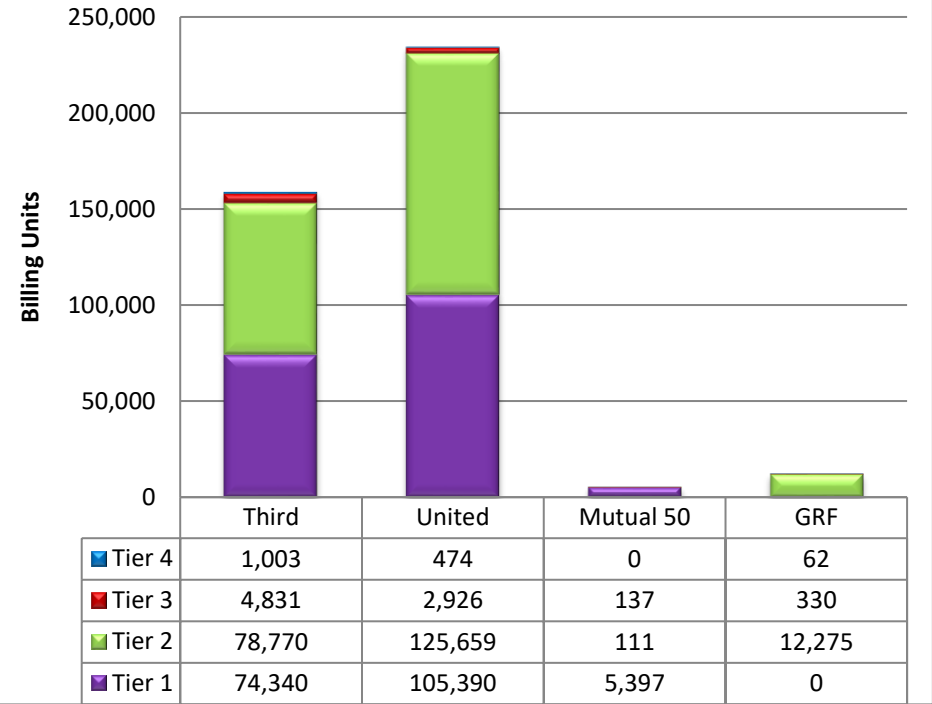


Category	Billings	Percentage
Water Delivery Cost	\$657,254.01	90.94%
Tier III - Conservation	\$27,645.76	3.83%
Tier IV - Conservation	\$37,827.25	5.23%
	\$722,727.02	100.00%

Laguna Woods Village October 2019 Water Sales



Laguna Woods Village Year-to-Date Water Sales October 2019



MINUTES OF THE REGULAR MEETING
OF THE
ENGINEERING COMMITTEE MEETING

October 22, 2019

President Vergara called the Meeting of the Board to order at 7:30 a.m. on October 22, 2019.

Present at today's meeting were Committee Members JOSE F. VERGARA, MARK MONIN, KATHRYN FRESHLEY, MIKE GASKINS, and KAY HAVENS.

Also present were DENNIS P. CAFFERTY, General Manager, JUDY CIMORELL, Human Resources Manager, NEELY SHAHBAKHTI, Finance Manager/Controller, RICK OLSON, Operations Superintendent, BOBBY YOUNG, Project Engineer, NANCY LAURSEN, Accountant/Insurance Administrator, GILBERT J. GRANITO, General Counsel, POLLY WELSCH, Recording Secretary, RICK SHINTAKU, SCWD General Manager, WYATT MCCLEAN, Customer, and CAROL MOORE, Laguna Woods City Councilmember.

Pledge of Allegiance

President Vergara led in the Pledge of Allegiance.

Oral Communications/Public Comments

There were no comments.

Items Received Too Late to be Agendized

President Vergara asked if there were any items received too late to be agendized. Mr. Cafferty replied no.

Call Engineering Committee Meeting to Order

Director Freshley called the Engineering Committee meeting to order at approximately 7:39 o'clock a.m.

Consent Calendar

1. Consider approving the minutes of the September 24, 2019 Engineering Committee meeting.

Director Freshley asked for a Motion.

Motion: Vice President Monin made a Motion, seconded by Director Gaskins, and unanimously carried across the Board to approve the Consent Calendar.

Roll Call Vote:

President Vergara	aye
Director Havens	aye
Director Freshley	aye
Vice President Monin	aye
Director Gaskins	aye

South Coast Water District Presentation on Doheny Ocean Desalination Plant

Mr. Rick Shintaku, General Manager of South Coast Water District provided a presentation on the Doheny Ocean Desalination Plant. He further provided a project description, an economic model, and next steps and key milestones.

Mr. Shintaku stated that the member agencies of the South Coast Water District Joint Regional Water Supply System include California State Parks, Camp Pendleton, City of San Clemente, City of San Juan Capistrano, ETWD, IRWD, MNWD, SCWD, and Southern California Edison.

Mr. Shintaku stated that a community-based Public Workgroup formed to review the SCWD's draft Water Reliability Study and provide feedback. He further stated that the findings included that SCWD has a responsibility to its customers to address its system and supply reliability vulnerabilities in an effective and financially feasible manner, and that the Doheny Project would provide water reliability that is under SCWD's control and least affected by external events, with a continuous supply well over 60-days.

Mr. Shintaku stated that SCWD's drinking water supplies would come from Doheny Ocean Desalination of 59%, Groundwater Recovery of 10%, Storm Water Capture of 2%, and MWD Imported Water of 29%. He further stated that their total water supplies would be MWD Imported Water of 20%, Doheny Ocean Desalination of 37%, Storm Water Capture of 2%, Groundwater Recovery of 6%, Water Use Efficiency of 20%, and Recycled Water of 15%.

Mr. Shintaku stated that the Desalination facility Phase 1 would receive approximately 10 mgd of ocean water to produce 5 mgd of potable water. He further stated that the ultimate capacity is 15 mgd, and the location is in the City of Dana Point at the District's existing San Juan Creek property.

Mr. Shintaku stated that the Subsurface Water Intake System is the preferred method by regulators and the California Ocean Plan Desalination Amendment, and the wells draw in ocean water from below the ocean floor. He further stated that the slant wells are fully buried near the beach at Doheny State Beach with submersible pumps that reduce noise.

Mr. Shintaku stated that the Reverse Osmosis Concentrate (brine) Disposal System consists of diluting the brine with treated wastewater through the existing San Juan Creek Ocean Outfall more than 2 miles offshore. He further stated that the blended effluent would ensure a negligible impact on coastal and marine water quality.

Mr. Shintaku stated that Project Costs for Phase 1 include:

- Estimated Construction Cost of \$107 M
- Cost of Water \$1,465/AF
- Estimated Customer Impact of \$5-\$7 per month average

Mr. Shintaku stated that these costs assume a MWD rebate of \$475/AF, and will be escalated from 2016 to 2020 as part of a Peer Review by Cal Am with preliminary results that indicate a 10-15% cost increase.

Mr. Shintaku stated that the estimated power consumption varies according to production, and they have an alternative power study in progress.

Mr. Shintaku stated that the District is committed to 100% carbon neutral by buying carbon credits on the open market. He further stated that features include rooftop solar and state-of-the-art energy recovery devices.

Mr. Shintaku stated that they are considering soliciting partners in the project by way of a Water Purchase Agreement with SCWD.

President Vergara stated that Phase 1 is 5 mgd, of which they are planning to use 3 mgd, and inquired as to what is planned for the remaining 2 mgd. Mr. Shintaku replied that the potential partners could use the remaining 2 mgd.

Vice President Monin asked if we have an earthquake and/or tsunami, would you have the possibility of being offline. Mr. Shintaku replied that the design is being planned around potential casualties of this manner.

Director Havens asked if longitude studies have been done on the effects of storm surge in the areas where the slant wells will be located. Mr. Shintaku replied that due to the potential of higher water levels, the pumps are fully submerged in a vault. He further stated that they will probably sink 2 wells per year, due to the drilling, and will need 4 wells for this project, with 3 functioning and 1 standby well.

President Vergara asked where they will store the water. Mr. Shintaku replied that they have access to a large storage area on the Joint Regional Water Supply System.

President Vergara asked what is the deadline for taking applications for purchasing water. Mr. Shintaku replied that ultimately the deadline would be Spring of next year, but realistically they will not be awarding the project until late 2020.

Engineering Action Items

Agreement for Acquisition of Real Property

Mr. Cafferty stated that in order to accommodate the new facilities associated with the Oso Lift Station Improvement Project, the project site will need to expand 10 feet northeast onto land that is owned by the City. He further stated that, due to a pre-existing agreement, the property transfer requires the approval of the State Coastal Conservancy.

Mr. Cafferty stated that this real property is approximately 350 square feet which the District will be acquiring for \$2,009.

Director Freshley asked for a Motion.

Motion: Vice President Monin made a Motion, seconded by Director Havens and unanimously carried across the Board to approve and authorize the Board President and General Manager to execute the Agreement for Acquisition of Real Property between ETWD and the City of Laguna Woods.

Roll Call Vote:

Director Gaskins	aye
Vice President Monin	aye
President Vergara	aye
Director Havens	aye
Director Freshley	aye

Agreement Between ETWD and MNWD Providing for Emergency Wastewater Overflow Connection

Mr. Cafferty stated that the construction of the Oso Lift Station will require the bypass of influent flows to the existing lift station. He further stated that staff worked with MNWD staff to determine that MNWD had available capacity in its wastewater collection system at the Aliso Creek Lift Station to accommodate the Oso Lift Station flows on a limited basis. The legal counsels at each agency developed the agreement.

Director Freshley asked about the term in the Agreement which states “MNWD is not obligated to accept flows under certain operational conditions including rain events or failures within the MNWD wastewater collection system.” Mr. Cafferty replied that if they are having some issue with their system, they wouldn’t accept the additional flow.

Director Freshley asked what would be our alternative if this happens. Mr. Cafferty replied that depending on what type of failure we could divert to our emergency bypass system.

Director Freshley asked for a Motion.

Motion: Vice President Monin made a Motion, seconded by Director Havens and unanimously carried across the Board to approve and authorize the General Manager to execute the agreement between ETWD and MNWD providing for emergency wastewater overflow connection.

Roll Call Vote:

Director Gaskins	aye
Vice President Monin	aye
President Vergara	aye
Director Havens	aye
Director Freshley	aye

America's Water Infrastructure Act (AWIA) Compliance – Phase II

Mr. Cafferty stated that the AWIA Act requires agencies to review the Risk and Resilience Assessment of their community water systems and develop an Emergency Response Plan (ERP). He further stated that upon completion of the ERP, the utility is to submit self certification to the US Environmental Protection Agency indicating we are in compliance with AWIA.

Mr. Cafferty stated that the District sent a letter of commitment to MWDOC indicating participation in Phase 1 crosswalk and anticipated participation in Phase II and Phase III pending ETWD Board approval. He further stated that upon approval of the agreement with MWDOC and ETWD, Herndon Solutions Group (HSG) will complete Phase II based on results of the Phase I crosswalk analysis.

Director Freshley asked for a Motion.

Motion: Director Gaskins made a Motion, seconded by Vice President Monin and unanimously carried across the Board to approve and authorize the General Manager to execute the “Agreement for Sharing Consultant Costs for the 2019 AWIA Compliance Risk and Resiliency Assessments and Emergency Response Plans for Participating Agencies (Phases II and III)” between ETWD and MWDOC.

Roll Call Vote:

Director Gaskins	aye
Vice President Monin	aye
President Vergara	aye
Director Havens	aye
Director Freshley	aye

Engineering General Information Items

Capital Project Status Report

Oso Lift Station Project

Mr. Cafferty stated that as soon as the agreements are signed by all the agencies, we will go out for bids, hopefully in December.

Director Freshley asked when this project should be completed. Mr. Young replied there is a 6-month schedule from award to completion.

Phase II Recycled Water Distribution System Expansion Project

Mr. Young stated that there are currently 3 recycled water meters in service for irrigation uses in the United Mutual Gate 5/6 area. He further stated that testing in the field has been done, and we hope to have a 4th recycled water meter on line by the end of this week.

Mr. Young stated that staff submitted applications for the MET On-site Retrofit Rebate Program for all sites in the East Side System.

Director Freshley asked when this project is expected to be complete. Mr. Young replied that it could take a significant amount of time at this current pace.

Aliso Creek Lift Station Skid Pump and Trailer Mounted Emergency Pump

Mr. Olson stated that the pumps have been ordered and are expected at the end of October.

Director Freshley asked who is manufacturing the pumps. Mr. Olson replied Rain for Rent is the parent company using their own subcontractor to build the pumps.

Engineering Items Discussed at Various Conferences and Meetings

There were no comments.

Comments Regarding Non-Agenda Engineering Committee Items

There were no comments.

Adjournment

There being no further business to come before the Board, the following motion was duly made and passed.

Motion: President Vergara made a Motion, seconded by Director Havens and unanimously carried that today's meeting be adjourned at 8:56 o'clock a.m. to Monday, November 25, 2019 at 7:30 o'clock a.m. at the District's Administrative Offices at 24251 Los Alisos Blvd, Lake Forest, CA. 92630.

Roll Call:

Vice President Monin	aye
Director Gaskins	aye
President Vergara	aye
Director Freshley	aye
Director Havens	aye

Respectfully submitted,

POLLY WELSCH
Recording Secretary

APPROVED:

JOSE F. VERGARA, President
of the El Toro Water District and the
Board of Directors thereof

DENNIS P. CAFFERTY, Secretary
of the El Toro Water District and the
Board of Directors thereof



STAFF REPORT

TO: BOARD OF DIRECTORS

MEETING DATE: November 25, 2019

FROM: Bobby Young, Project Engineer

SUBJECT: Capital Project / Equipment Status Report

I Oso Lift Station Improvement Project

The project design is complete.

The design of the Oso Lift Station Improvement Project requires the expansion of the lift station site footprint by ten feet on the northeast side of the property. The proposed lot line adjustment from the City of Laguna Woods required approval from the County of Orange due to an existing lease agreement between the City and the County relative to the Woods End Wilderness Preserve/Laguna Coast Wilderness Park. The County Board of Supervisors approved the lease amendment on July 30th.

The City of Laguna Woods worked with the State Coastal Conservancy to secure approval of the lot line adjustment and has finalized the requirements. The Coastal Conservancy requested that the City and District enter into an agreement with terms specified by the Coastal Conservancy. The District and the City each approved the Agreement in October. The City received a letter from the Coastal Conservancy on November 12 approving the property transfer. The City is working to prepare the final documents for recording at the County Records Office.

District staff worked with Moulton Niguel Water District regarding an Agreement for a proposed emergency overflow connection from the Oso Lift Station to the nearby MNWD sewer collection system. Both the MNWD Board and District Board have approved the Overflow Agreement. The District has signed the Agreement and is awaiting MNWD's signature for final execution of the Agreement.

Staff is preparing to begin the construction bid solicitation process in conjunction with sending out requests for proposals for construction management services. Staff intends to bring the construction contract to the Board for approval in January.

II Phase II Recycled Water Distribution System Expansion Project

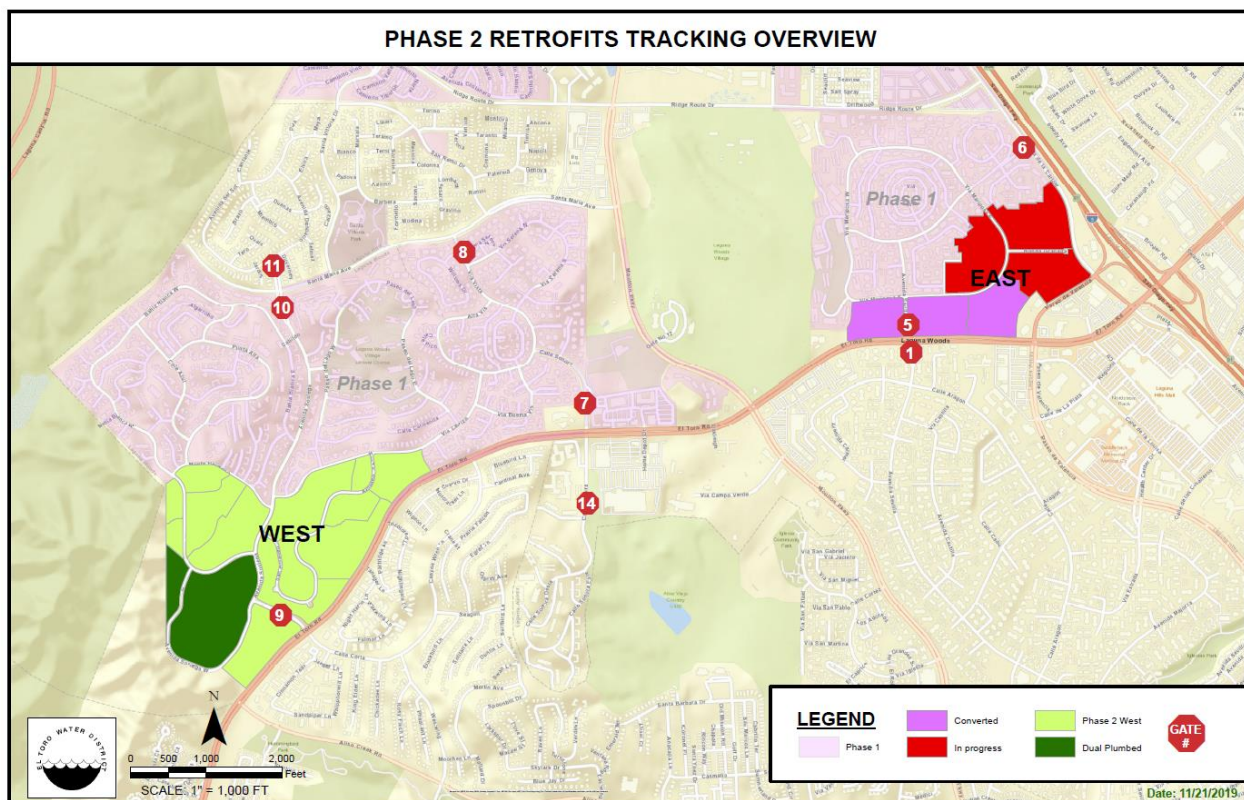
The East Side System plans were approved by State Division of Drinking Water (DDW) on August 20th. Staff continues to work with the DDW to secure approval of the retrofit plans for the West Side System. Certain remaining sites in the West Side System will be handled separately due to unique characteristics that could result in the designation of the sites as “dual-plumbed” as defined in Title 22.

Staff began the cross-connection testing, associated with the on-site retrofits in the East Side System, with County Health and DDW on September 23rd. Staff continues to work with the County for all testing requirements and is making progress with the site conversions at the current rate of 1 recycled water meter per week. Following the completion of the cross connection tests and subsequent approval by County Health at each individual site, the District’s contractor makes the final connection of the recycled water supply to the existing irrigation system.

Staff has submitted applications for the Metropolitan Water District On-Site Retrofit Rebate Program for all of the sites in the East Side System.

The status of the retrofit project in the United (Gate 5/6 area) is summarized as follows:

	Complete	In Progress	Remaining
Sites	3	3	
Meters	8	2	10
Demand	43 AF	78 AF	



III Laboratory Certification Update

ETWD lab personnel continue to perform analyses at the SOCWA lab, thereby minimizing the costs of the outsource effort with a private lab. Staff received the final assessment report and immediately prepared a response to questions posed in the final report. The response was returned to ELAP on November 19.

IV Filter Site Use Plan Project

Staff continues to make progress on initial coordination efforts with AQMD and WEROC for space planning needs assessments. The portion of the study pertaining to the demolition is well underway and continues to progress. The preliminary project schedule shows the submittal of a draft report in January, 2020.

V Aliso Creek Lift Station Skid Pump and Trailer Mounted Emergency Pump

The pumps have been received. Staff is coordinating the acquisition of the pump appurtenances as well as the contract for the installation of the Aliso Creek Pump.



VI South Orange County Supply and System Reliability Projects

A. Baker Water Treatment Product Water Conveyance Options

MNWD issued a contract to Tetra Tech to perform a surge and water quality analysis of the South County Pipeline to verify there are no fatal flaws in the proposed addition of the new turnouts. MNWD and ETWD staff will soon commence drafting an MOU to define the terms of the joint project. MNWD has verbally indicated they are prepared to continue the temporary conveyance of water through the Los Alisos interconnection until such time that the permanent conveyance facilities are complete.

B. Irvine Lake – Baker Supply

There have been discussions about the possibility of storing water in Irvine Lake that could be used to sustain 60 days of supply to the Baker Plant in the event of an interruption of raw water supply from MWD. Issues under consideration include the on-going costs of water lost due to evaporation and any overflows of the Lake as well as capital and maintenance costs associated with the use of the Irvine Lake facilities. A meeting between Serrano Water District and the Baker Agencies, inclusive of IRWD, was held on November 12. IRWD and SWD are working to revise the proposal in an effort to find an arrangement that is acceptable to all the impacted parties.

C. Poseidon HB Ocean Desalination Project

Poseidon continues to engage the Santa Ana Regional Water Quality Board for consideration of their NPDES Permit renewal. The feasibility of the project remains contingent upon obtaining all regulatory and environmental approvals/permits along with approval of Met LRP funding based on \$475/AF over 15 years.

Total Net Project Unit Cost inclusive of a MWD LRP Subsidy of \$475/AF to deliver 10 MGD to SOC is estimated to be \$2,125/AF and to deliver 20 MGD to SOC is estimated to be \$1,825/AF.

OCWD has requested that any agency considering participation in the Poseidon project execute a Memorandum of Understanding (MOU). The MOU will not represent a contractual commitment to the project, but it will require approval by governing boards. In light of the considerable time, money and effort OCWD anticipates expending to finalize a project distribution plan OCWA believes an MOU will give them greater confidence in knowing which agencies are serious about the project and ultimately negotiating and considering a final water purchase agreement.

Staff and District General Counsel are reviewing a draft MOU as well as the available information regarding the project. Staff notified OCWD and Poseidon that the District's consideration of the MOU will not be complete until later in the year.

It is Staff's understanding that SMWD and MNWD have agreed to execute the MOU and indicated a potential non-binding interest in the following capacities:

MNWD	2,000 acre feet per year
SMWD	1,000 acre feet per year

**F.Y. 2019/20 CAPITAL REPLACEMENT AND REFURBISHMENT PROGRAM BUDGET ITEMS > \$50,000
BOARD APPROVAL SCHEDULE**

Project Description		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Budget Estimate	Board Approved Cost	
<i>2019/20 Capital Projects (reference number corresponds with Approved Budget item numbers)</i>																
3	P-3 New MCC w/ TS, Nema 3R Main & Generator and Pump Replacements					ET	RFP	E	E	E	B	A		\$480,000		
7	Grit Chamber Rehab/Re-Coating							E	B	A	C	C		\$85,000		
9	AMR / AMI Implementation	Update as part of 2021 Capital Budget												\$200,000		
<i>Carryover / Deferred</i>																
	Oso Lift Station Improvement Project (Construction, CM)						B	A	C	C	C	C	C	\$1,000,000		
	Caltrans Widening Utility Relocations								E	B	A	C	C	\$295,400		
	AWIA Compliance - Phase II				BP/A									\$83,577		
	Reconstruct (West Side) Drainage Swayle at the Holding Pond							ET	ET	ET				\$68,250		
	Clarifier No. 3 and 4 Scum Pump Station					ET	E	B	A	C				\$350,000		
	Master Plan Update							RFP	A					\$350,000		
	Old Treatment Plant / Clear Well Demo	RFP	A	E	E	E	E	E	BP					\$400,000	\$133,143	
<i>2019/20 Capital Equipment (reference number corresponds with Approved Budget item numbers)</i>																
3	OOPS Emergency Generator Replacement						ET	A						\$220,000		
8	Dump Truck/Traffic Control Truck (Unit 4)								ET	A				\$80,000		
10	Nimble Storage Array Replacement		ET	ET	ET	ET	A							\$75,000		
														Total	\$3,687,227	\$133,143

E = Engineering/Study
C = Construction
O = Order
N = Negotiate

R = Receive
P = Permit
CQ = CEQA
CO = Carry Over

RFP = Request for Proposal
B = Bid
A = Approve by Board

ET = Evaluate
M = Monitoring
BP = Board Presentation

EL TORO WATER DISTRICT

Glossary of Water Terms

Accumulated overdraft: The amount of water necessary to be replaced in the intake area of the groundwater basin to prevent the landward movement of ocean water into the fresh groundwater body.

Acre-foot, AF: A common water industry unit of measurement. An acre-foot is 325,851 gallons, or the amount of water needed to cover one acre with water one foot deep. An acre-foot serves annual needs of two typical California families.

ACWA: Association of California Water Agencies.
A statewide group based in Sacramento that actively lobbies State and Federal Government on water issues.

Advanced treatment: Additional treatment processes used to clean wastewater even further following primary and secondary treatment. Also known as tertiary treatment.

AFY: Acre-foot per year.

Alluvium: A stratified bed of sand, gravel, silt, and clay deposited by flowing water.

AMP: Allen McCulloch pipeline.

Major pipeline transporting treated water to water districts between Yorba Linda, where it starts to El Toro Water District reservoir, where it terminates.

Annexation: The inclusion of land within a government agency's jurisdiction.

Annual overdraft: The quantity by which the production of water from the groundwater supplies during the water year exceeds the natural replenishment of such groundwater supplies during the same water year.

Aqueduct: A man-made canal or pipeline used to transport water.

Aquifer: An underground geologic formation of rock, soil or sediment that is naturally saturated with water; an aquifer stores groundwater.

Arid: Dry; deserts are arid places. Semi-arid places are almost as dry as a desert.

Artesian: An aquifer in which the water is under sufficient pressure to cause it to rise above the bottom of the overlying confining bed, if the opportunity is provided.

Artificial recharge: The addition of surface water to a groundwater reservoir by human activity, such as putting surface water into recharge basins. (See also: groundwater recharge and recharge basin.)

AWWA American Water Works Association
Nationwide group of public and private water purveyors and related industrial suppliers.

Base flow: The portion of river surface flow which remains after deduction of storm flow and/or purchased imported water.

Bay-Delta: The Sacramento-San Joaquin Bay-Delta is a unique natural resource of local, state and national significance. The Delta is home to more than 500,000 people; contains 500,000 acres of agriculture; provides habitat for 700 native plant and animal species; provides water for more than 25 million Californians and 3 million acres of agriculture; is traversed by energy, communications and transportation facilities vital to the economic health of California; and supports a \$400 billion economy.

BIA: Building Industry Association.

Biofouling: The formation of bacterial film (biofilm) on fragile reverse osmosis membrane surfaces.

Biosolids: Solid organic matter recovered from a sewage treatment process and used especially as fertilizer.

BMP: Best Management Practice. An engineered structure or management activity, or combination of these, that eliminates or reduces adverse environmental effects.

Brackish water: A mixture of freshwater and saltwater.

Brown Act: Ralph M. Brown Act enacted by the State legislature governing all meetings of legislative bodies. Also known as the Open Meeting requirements.

Canal: A ditch used to move water from one location to another.

CASA: California Association of Sanitation Agencies The sanitation equivalent of ACWA concerned solely with issues affecting the treatment and disposal of solid waste and wastewater.

CEQA: California Environmental Quality Act.

CERCLA: Comprehensive Environmental Response, Compensation and Liability Act. This federal law establishes the Superfund program for hazardous waste sites. It provides the legal basis for the United States EPA to regulate and clean up hazardous waste sites, and if appropriate, to seek financial compensation from entities responsible for the site.

CFS: Cubic feet per second.

Chloramines: A mixture of ammonia and chlorine used to purify water.

Clarify: To make clear or pure by separation and elimination of suspended solid material.

Coagulation: The clumping together of solids so they can more easily be settled out or filtered out of water. A chemical called aluminum sulfate (alum) is generally used to aid coagulation in water treatment and reclamation.

Coastkeepers: A non-profit organization dedicated to the protection and preservation of the marine habitats and watersheds of Orange County through programs of education, restoration, enforcement and advocacy.

Colored water: Groundwater extracted from the basin that is unsuitable for domestic use without treatment due to high color and odor exceeding drinking water standards.

Condensation: The process of water vapor (gas) changing into liquid water. An example of condensation can be seen in the tiny water droplets that form on the outside of a glass of iced tea as warmer air touches the cooler glass.

Confined aquifer: An aquifer that is bound above and below by dense layers of rock and contains water under pressure.

Conjunctive use: Storing imported water in a local aquifer, in conjunction with groundwater, for later retrieval and use.

Contaminate: To make unclean or impure by the addition of harmful substances.

CPCFA: California Pollution Control Financing Authority. State agency providing funds for wastewater reclamation projects.

Crisis:

1. **a:** The turning point for better or worse **b:** a paroxysmal attack of pain, distress, or disordered function **c:** an emotionally significant event or radical change of status in a person's life <a midlife *crisis*>
2. The decisive moment (as in a literary plot)
3. **a:** An unstable or crucial time or state of affairs in which a decisive change is impending; *especially* : one with the distinct possibility of a highly undesirable outcome <a financial *crisis*> **b:** a situation that has reached a critical phase

CTP Coastal Treatment Plant

CWPCA California Water Pollution Control Association. A 7000 member non-profit educational organization dedicated to water pollution control.

Dam: A barrier built across a river or stream to hold water.

Decompose: To separate into simpler compounds, substances or elements.

Deep percolation: The percolation of surface water through the ground beyond the lower limit of the root zone of plants into a groundwater aquifer.

Degraded water: Water within the groundwater basin that, in one characteristic or another, does not meet primary drinking water standards.

Delta: Where the rivers empty; an outlet from land to ocean, also where the rivers deposit sediment they carry forming landforms.

Delta Vision: Delta Vision is intended to identify a strategy for managing the Sacramento-San Joaquin Delta as a sustainable ecosystem that would continue to support environmental and economic functions that are critical to the people of California.

Demineralize: To reduce the concentrations of minerals from water by ion exchange, distillation, electro-dialysis, or reverse osmosis.

De-nitrification: The physical process of removing nitrate from water through reverse osmosis, microfiltration, or other means.

Desalting (or desalination): Removing salts from salt water by evaporation or distillation. Specific treatment processes, such as reverse osmosis or multi-stage flash distillation, to demineralize seawater or brackish (saline) waters for reuse. Also sometimes used in wastewater treatment to remove salts other pollutants.

Desilting: The physical process of removing suspended particles from water.

Dilute: To lessen the amount of a substance in water by adding more water.

Disinfection: Water treatment which destroys potentially harmful bacteria.

Drainage basin: The area of land from which water drains into a river, for example, the Sacramento River Basin, in which all land area drains into the Sacramento River. Also called catchment area, watershed, or river basin.

Drought: A prolonged period of below-average precipitation.

DPHS: California Department of Public Health Services. Regulates public water systems; oversees water recycling projects; permits water treatment devices; certifies drinking water treatment and distribution operators; supports and promotes water system security; provides support for small water systems and for improving technical, managerial, and financial (TMF) capacity; provides funding opportunities for water system improvements.

DVL: Diamond Valley Lake. Metropolitan's major reservoir near Hemet, in southwestern Riverside County.

DWR: California Department of Water Resources. Guides development/management of California's water resources; owns/operates State Water Project and other water facilities.

Endangered Species: A species of animal or plant threatened with extinction.

Endangered Species Act of 1973 (ESA): The most wide-ranging of the dozens of United States environmental laws passed in the 1970s. As stated in section 2 of the act, it was designed to protect critically imperiled species from extinction as a "consequence of economic growth and development untended by adequate concern and conservation.

Ecosystem: Where living and non-living things interact (coexist) in order to survive.

Effluent: Wastewater or other liquid, partially or completely treated or in its natural state, flowing from a treatment plant.

Evaporation: The process that changes water (liquid) into water vapor (gas).

Estuary: Where fresh water meets salt water.

Evapotranspiration: The quantity of water transpired (given off), retained in plant tissues, and evaporated from plant tissues and surrounding soil surface. Quantitatively, it is expressed in terms of depth of water per unit area during a specified period of time.

FCH Federal Clearing House – Environmental Review/Processing

FEMA Federal Emergency Management Agency

Filtration: The process of allowing water to pass through layers of a porous material such as sand, gravel or charcoal to trap solid particles. Filtration occurs in nature when rain water soaks into the ground and it passes through hundreds of feet of sand and gravel. This same natural process of filtration is duplicated in water and wastewater treatment plants, generally using sand and coal as the filter media.

Flocculation: A chemical process involving addition of a coagulant to assist in the removal of turbidity in water.

Forebay: A reservoir or pond situated at the intake of a pumping plant or power plant to stabilize water level; also, a portion of a groundwater basin where large quantities of surface water can recharge the basin through infiltration.

Gray water reuse: Reuse, generally without treatment, of domestic type wastewater for toilet flushing, garden irrigation and other non-potable uses. Excludes water from toilets, kitchen sinks, dishwashers, or water used for washing diapers.

Green Acres Project (GAP): A 7.5 million gallons per day (MGD) water reclamation project that serves tertiary treated recycled water to irrigation and industrial users in Costa Mesa, Fountain Valley, Huntington Beach, Newport Beach, and Santa Ana.

God Squad: A seven-member committee that is officially called the "Endangered Species Committee". Members consist of Secretary of the Interior, the Secretary of Agriculture, the Secretary of the Army, the Chairman of the Council of Economic Advisers, the Administrator of the National Oceanic and Atmospheric Administration and one individual from the affected state. The squad was established in 1978 by an amendment to the 1973 Endangered Species Act (ESA). It has only been called into action three times to deal with proposed federal agency actions that have been determined to cause "jeopardy" to any listed species. Such actions may receive an exemption from the ESA if five members of the committee determine that the action is of regional or national significance, that the benefits of the action clearly outweigh the benefits of conserving the species and that there are no reasonable and prudent alternatives to the action.

Groundwater: Water that has percolated into natural, underground aquifers; water in the ground, not water puddled on the ground.

Groundwater basin: A groundwater reservoir defined by the overlying land surface and the underlying aquifers that contain water stored in the reservoir. Boundaries of success-ively deeper aquifers may differ and make it difficult to define the limits of the basin.

Groundwater mining: The withdrawal of water from an aquifer in excess of recharge over a period of time. If continued, the underground supply would eventually be exhausted or the water table could drop below economically feasible pumping lifts.

Groundwater overdraft: The condition of a groundwater basin in which the amount of water withdrawn by pumping exceeds the amount of water that recharges the basin over a period of years during which water supply conditions approximate average.

Groundwater recharge: The action of increasing groundwater storage by natural conditions or by human activity. See also: Artificial recharge.

Ground Water Replenishment System (GWRS): A joint project of the Orange County Water District and the Orange County Sanitation District that will provide up to 100,000 acre-feet of reclaimed water annually. The high-quality water will be used to expand an existing underground seawater intrusion barrier and to replenish the groundwater basin underlying north and central Orange County.

Groundwater table: The upper surface of the zone of saturation (all pores of subsoil filled with water), except where the surface is formed by an impermeable body.

GPM: Gallons per minute.

Ground Water Replenishment System (GWRS): Orange County Water District's state-of-the-art, highly advanced, waste-water treatment facility.

Hydrologic balance: An accounting of all water inflow to, water outflow from, and changes in water storage within a hydrologic unit over a specified period.

Hydrologic cycle: The process of water constantly circulating from the ocean, to the atmosphere, to the earth in a form of precipitation, and finally returning to the ocean.

Imported water: Water that has originated from one hydrologic region and is transferred to another hydrologic region.

Inflatable rubber dams: Designed to replace temporary sand levees that wash out during heavy storm flow, the dams hold back high-volume river flows and divert the water into the off-river system for percolation.

Influent: Water or wastewater entering a treatment plant, or a particular stage of the treatment process.

Irrigation: Applying water to crops, lawns or other plants using pumps, pipes, hoses, sprinklers, etc.

JPIA Joint Powers Insurance Authority. A group of water agencies providing self-insurance to members of the ACWA.

LAIF Local Agency Investment Fund. Statewide pool of surplus public agency money managed by State Treasurer.

Leach: To remove components from the soil by the action of water trickling through.

MAF: Million acre feet.

MCL: Maximum contaminant level set by EPA for a regulated substance in drinking water. According to health agencies, the maximum amount of a substance that can be present in water that's safe to drink and which looks, tastes and smells good.

MET: Metropolitan Water District of Southern California.

MGD: Million gallons per day.

Microfiltration: A physical separation process where tiny, hollow filaments members separate particles from water.

Microorganism: An animal or plant of microscopic size.

MWD: Metropolitan Water District of Southern California.

MWDOC: Municipal Water District of Orange County. Intermediate wholesaler between MWD and 27 member agencies including ETWD.

Non-point source pollution: Pollution that is so general or covers such a wide area that no single, localized source of the pollution can be identified.

NPDES National Pollution Discharge Elimination System

OCBC: Orange County Business Council.

OCEMA Orange County Environmental Management Agency

OCWD: Orange County Water District.

Opportunity:

1. A favorable juncture of circumstances.
2. A good chance for advancement or progress .

Organism: Any individual form of life, such as a plant, animal or bacterium.

PCM Professional Community Management, Inc. Property Management company providing services to Laguna Woods Village and other homeowner associations.

Perched groundwater: Groundwater supported by a zone of material of low permeability located above an underlying main body of groundwater with which it is not hydrostatically connected.

Percolation: The downward movement of water through the soil or alluvium to the groundwater table.

Permeability: The capability of soil or other geologic formations to transmit water.

Point source: A specific site from which waste or polluted water is discharged into a water body, the source of which is identified. See also: non-point source.

Potable water: Suitable and safe for drinking.

PPB: Parts per billion.

Precipitation: Water from the atmosphere that falls to the ground as a liquid (rain) or a solid (snow, sleet, hail).

Primary treated water: First major treatment in a wastewater treatment facility, usually sedimentation but not biological oxidation.

Primary treatment: Removing solids and floating matter from wastewater using screening, skimming and sedimentation (settling by gravity).

Prior appropriation doctrine: Allocates water rights to the first party who diverts water from its natural source and applies the water to beneficial use. If at some point the first appropriator fails to use the water beneficially, another person may appropriate the water and gain rights to the water. The central principle is beneficial use, not land ownership.

Pumping Plant: A facility that lifts water up and over hills.

Recharge: The physical process where water naturally percolates or sinks into a groundwater basin.

Recharge basin: A surface facility, often a large pond, used to increase the infiltration of surface water into a groundwater basin.

Reclaimed wastewater: Wastewater that becomes suitable for a specific beneficial use as a result of treatment. See also: wastewater reclamation.

Reclamation project: A project where water is obtained from a sanitary district or system and which undergoes additional treatment for a variety of uses, including landscape irrigation, industrial uses, and groundwater recharge.

Recycling: A type of reuse, usually involving running a supply of water through a closed system again and again. Legislation in 1991 legally equates the term "recycled water" to reclaimed water.

Reservoir: A place where water is stored until it is needed. A reservoir can be an open lake or an enclosed storage tank.

Reverse osmosis: (RO) A method of removing salts or other ions from water by forcing water through a semi-permeable membrane.

RFP Request for Proposal

Riparian: Of or on the banks of a stream, river, or other body of water.

RO: Reverse osmosis. See the listing under "reverse osmosis."

R-O-W Right-of-way

Runoff: Liquid water that travels over the surface of the Earth, moving downward due to gravity. Runoff is one way in which water that falls as precipitation returns to the ocean.

RWQCB Regional Water Quality Control Board. State agency regulating discharge and use of recycled water.

Safe Drinking Water Act (SDWA): The Safe Drinking Water Act (SDWA) was originally passed by Congress in 1974 to protect public health by regulating the nation's public drinking water supply. The law was amended in 1986 and 1996 and requires many actions to protect drinking water and its sources: rivers, lakes, reservoirs, springs, and ground water wells. (SDWA does not regulate private wells which serve fewer than 25 individuals.) SDWA authorizes the United States Environmental Protection Agency (US EPA) to set national health-based standards for drinking water to protect against both naturally-occurring and man-made contaminants that may be found in drinking water. US EPA, states, and water systems work together to make sure that these standards are met.

Safe yield: The maximum quantity of water that can be withdrawn from a groundwater basin over a long period of time without developing a condition of overdraft, sometimes referred to as sustained yield.

SAFRA Santa Ana River Flood Protection Agency

Salinity: Generally, the concentration of mineral salts dissolved in water. Salinity may be measured by weight (total dissolved solids - TDS), electrical conductivity, or osmotic pressure. Where seawater is known to be the major source of salt, salinity is often used to refer to the concentration of chlorides in the water.

SAWPA: Santa Ana Watershed Project Authority.

SCADA Supervisory Control and Data Acquisition

SCAP Southern California Alliance of Publicly. Newly formed group of public agencies seeking reasonable regulation of sewer industry.

SCH State Clearing House – Environmental Review/Processing

Seasonal storage: A three-part program offered by Metropolitan Water District of Southern California:

STSS (Short Term Seasonal Storage) financially encourages agencies with local groundwater production capabilities to produce a higher percentage of their demand in the summer from their local groundwater supplies, thus shifting a portion of their demand on the MWD system from the summer to winter;

LTSS (Long Term Seasonal Storage) financially encourages retail agencies to take and store additional amounts of MWD water above their normal annual demands for later use; Replenishment Water provides less expensive interruptible water that is generally available and used to increase the operating yield of groundwater basins.

Seawater intrusion: The movement of salt water into a body of fresh water. It can occur in either surface water or groundwater basins.

Seawater barrier: A physical facility or method of operation designed to prevent the intrusion of salt water into a body of freshwater.

Secondary treatment: The biological portion of wastewater treatment which uses the activated sludge process to further clean wastewater after primary treatment. Generally, a level of treatment that produces 85 percent removal efficiencies for biological oxygen demand and suspended solids. Usually carried out through the use of trickling filters or by the activated sludge process.

Sedimentation: The settling of solids in a body of water using gravity.

Settle: To clarify water by causing impurities/solid material to sink to a container's bottom.

Sewer: The system of pipes that carries wastewater from homes and businesses to a treatment plant or reclamation plant. Sewers are separate from storm drains, which is a system of drains and pipes that carry rain water from urban streets back to the ocean. Overwatering your yard can also cause water to run into the streets and into storm drains. Storm drain water is not treated before it is discharged.

SigAlert: Any unplanned event that causes the closing of one lane of traffic for 30 minutes or more, as opposed to a planned event, like road construction, which is planned.

SJBA San Juan Basin Authority

Sludge: The solids that remain after wastewater treatment. This material is separated from the cleaned water, treated and composted into fertilizer. Also called biosolids.

SOCWA South Orange County Wastewater Authority. Regional Joint Powers Authority formed for collection and treatment of sewerage (previously known as AWMA/SERRA/SOCRA). SOCWA member agencies:

CSC – City of San Clemente

CSJC – City of San Juan Capistrano

CLB – City of Laguna Beach

ETWD – El Toro Water District

EBSD – Emerald Bay Service District

IRWD – Irvine Ranch Water District

MNWD – Moulton Niguel Water District

SCWD – South Coast Water District

SMWD – Santa Margarita Water District

TCWD – Trabuco Canyon Water District

SRF State Revolving Fund

Storm Drain: The system of pipes that carries rain water from urban streets back to the ocean. Overwatering your yard can also cause water to run into the streets and into storm drains. Storm drain

water is not treated before it is discharged. Storm drains are separate from sewers, which is a separate system of pipes to carry wastewater from homes and businesses to a treatment plant or reclamation plant for cleaning.

Storm flow: Surface flow originating from precipitation and run-off which has not percolated to an underground basin.

SWP: State Water Project. An aqueduct system that delivers water from northern California to central and southern California.

SWRCB State Water Resources Control Board

TDS: Total dissolved solids. A quantitative measure of the residual minerals dissolved in water that remain after evaporation of a solution. Usually expressed in milligrams per liter.

Tertiary treatment: The treatment of wastewater beyond the secondary or biological stage. Normally implies the removal of nutrients, such as phosphorous and nitrogen, and a high percentage of suspended solids.

THM: Trihalomethanes. Any of several synthetic organic compounds formed when chlorine or bromine combine with organic materials in water.

TMA: Too many acronyms.

TMDL: Total maximum daily load; A quantitative assessment of water quality problems, contributing sources, and load reductions or control actions needed to restore and protect bodies of water.

Transpiration: The process in which plant tissues give off water vapor to the atmosphere as an essential physiological process.

Turbidity: Thick or opaque with matter in suspension; muddy water.

Ultraviolet light disinfection: A disinfection method for water that has received either secondary or tertiary treatment used as an alternative to chlorination.

VE Value Engineering

VOC: Volatile organic compound; a chemical compound that evaporates readily at room temperature and contains carbon.

Wastewater: Water that has been previously used by a municipality, industry or agriculture and has suffered a loss of quality as a result.

Water Cycle: The continuous process of surface water (puddles, lakes, oceans) evaporating from the sun's heat to become water vapor (gas) in the atmosphere. Water condenses into clouds and then falls back to earth as rain or snow (precipitation). Some precipitation soaks into the ground (percolation) to replenish groundwater supplies in underground aquifers.

Water rights: A legally protected right to take possession of water occurring in a natural waterway and to divert that water for beneficial use.

Water-use Efficiency: The water requirements of a particular device, fixture, appliance, process, piece of equipment, or activity.

Water year (USGS): The period between October 1st of one calendar year to September 30th of the following calendar year.

Watermaster: A court appointed person(s) that has specific responsibilities to carry out court decisions pertaining to a river system or watershed.

Water Reclamation: The treatment of wastewater to make it suitable for a beneficial reuse, such as landscape irrigation. Also called water recycling.

Watershed: The total land area that from which water drains or flows to a river, stream, lake or other body of water.

Water table: The top level of water stored underground.

WEF Water Environment Federation. Formerly – Water Pollution Control Federation (WPCF). International trade group advising members of sewage treatment techniques and their effect on the environment.

Weir box: A device to measure/control surface water flows in streams or between ponds.

Wellhead treatment: Water quality treatment of water being produced at the well site.

Wetland: Any area in which the water table stands near, at, or above the land surface for a portion of the year. Wetlands are characterized by plants adapted to wet soil conditions.

Xeriscape: Landscaping that requires minimal water.