AGENDA

REGULAR MEETING OF THE BOARD OF DIRECTORS
LA PUENTE VALLEY COUNTY WATER DISTRICT
112 N. FIRST STREET, LA PUENTE, CALIFORNIA
MONDAY, MAY 14, 2018 AT 5:30 PM

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL OF BOARD OF DIRECTORS

President Rojas____ Vice President Escalera____ Director Aguirre____

Director Hastings____ Director Hernandez____

4. PUBLIC COMMENT

Anyone wishing to discuss items on the agenda or pertaining to the District may do so now. The Board may allow additional input during the meeting. A five-minute limit on remarks is requested.

5. ADOPTION OF AGENDA

Each item on the Agenda shall be deemed to include an appropriate motion, resolution or ordinance to take action on any item. Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review at the District office, located at the address listed above.

6. APPROVAL OF CONSENT CALENDAR

There will be no separate discussion of Consent Calendar items as they are considered to be routine by the Board of Directors and will be adopted by one motion. If a member of the Board, staff, or public requests discussion on a particular item, that item will be removed from the Consent Calendar and considered separately.

A. Approval of Minutes of the Regular Meeting of the Board of Directors held on April 23, 2018.

B. Approval of District Expenses for the Month of April 2018.

C. Approval of City of Industry Waterworks System Expenses for the Month of April 2018.

D. Receive and File the District's Water Sales Report for April 2018.

E. Receive and File the City of Industry Waterworks System's Water Sales Report for April 2018.

F. Receive and File the Water Production Report for April 2018.

7. CONSIDERATION OF RESOLUTION 252 RECOGNIZING ROSA B. RUEHLMAN FOR FORTY YEARS OF EMPLOYMENT WITH THE DISTRICT

8. RECESS OF MEETING FOR RECEPTION AND PRESENTATION OF RESOLUTION 252 TO ROSA B. RUEHLMAN

9. RECONVENE MEETING AT 6:00 PM

10. PRESENTATION BY FEDAK & BROWN LLP OF THE DISTRICT'S 2017 AUDITED FINANCIAL REPORT

11. ACTION/DISCUSSION ITEMS

A. Acceptance of the District's 2017 Audited Financial Report.
Recommendation: Receive and File.

B. Presentation of the Preliminary Findings of the Water Rate and Fee Study.
Recommendation: Board Discretion.

12. GENERAL MANAGER'S REPORT

13. OTHER ITEMS

A. Upcoming Events.

B. Information Items.

14. ATTORNEY'S COMMENTS

15. BOARD MEMBER COMMENTS

A. Report on Events Attended.

B. Other Comments.

16. FUTURE AGENDA ITEMS

17. ADJOURNMENT

POSTED: Friday, May 11, 2018

President William R. Rojas, Presiding.

Any qualified person with a disability may request a disability-related accommodation as needed to participate fully in this public meeting. In order to make such a request, please contact Mr. Greg B. Galindo, Board Secretary, at (626) 330-2126 in sufficient time prior to the meeting to make the necessary arrangements.

Note: Agenda materials are available for public inspection at the District office or visit the District's website at www.lapuentewater.com.

**MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
LA PUENTE VALLEY COUNTY WATER DISTRICT**

A regular meeting of the Board of Directors of the La Puente Valley County Water District was held on Monday, April 23, 2018, at 5:30 p.m. at the District office, 112 N. First St., La Puente, California.

Meeting Called to Order:
President Rojas called the meeting to order at 5:30 p.m.

Pledge of Allegiance:
President Rojas led the meeting in the Pledge of Allegiance.

Directors Present:
William Rojas, President; John Escalera, Vice President; Charles Aguirre, Director and Henry Hernandez, Director.

Directors Absent:
David Hastings, Director.

Staff Present:
Greg Galindo, General Manager; Gina Herrera, Office Manager; Roy Frausto, Engineering and Compliance Manager and Roland Trinh, District Counsel.

Others Present:
Al Contreras, Board Member for the Upper San Gabriel Valley Water District.

Public Comment:
Mr. Al Contreras was greeted by the Board. He reported that Metropolitan Water District had a scheduled temporary shut-down, but our areas will not be impacted.

Adoption of Agenda:
President Rojas asked for the approval of the Agenda.
Motion by Director Aguirre, seconded by Vice President Escalera, that the Agenda be adopted as presented.

Motion was approved by the following vote:
Ayes: Rojas, Escalera, Aguirre and Hernandez.
Nays: None.
Absent: Hastings.

Consent Calendar:
President Rojas asked for the approval of the Consent Calendar.

A. Approval of the Minutes of the Regular Meeting of the Board of Directors held on April 9, 2018.

Motion by President Rojas, seconded by Director Hernandez, to approve the consent calendar as presented.

Motion was approved by the following vote:
Ayes: Rojas, Escalera, Aguirre and Hernandez.
Nays: None.
Absent: Hastings.

Financial Reports:

A. Summary of Cash and Investments as of March 31, 2018.

- Mr. Galindo provided a brief summary of the balances in each account provided in the Summary of Cash and Investments.

Motion by Director Aguirre, seconded by Director Hernandez, to receive and file the Summary of Cash and Investments as of March 31, 2018, as presented.

Motion was approved by the following vote:
Ayes: Rojas, Escalera, Aguirre and Hernandez.
Nays: None.
Absent: Hastings.

B. Statement of the District's Revenues and Expenses as of March 31, 2018.

- Mrs. Herrera provided a summary of the statement of revenues and expenses for the District and explained the budget to date balances for various accounts.

Motion by President Rojas, seconded by Director Hernandez, to receive and file the Statement of the District's Revenues and Expenses as of March 31, 2018, as presented.

Motion was approved by the following vote:
Ayes: Rojas, Escalera, Aguirre and Hernandez.
Nays: None.
Absent: Hastings.

C. Statement of the City of Industry Waterworks System's Revenues and Expenses as of March 31, 2018.

- Mrs. Herrera provided a summary of the statement of revenues and expenses for the City of Industry Waterworks and explained the budget to date balances for various accounts.

Motion by President Rojas, seconded by Vice President Escalera, to receive and file the Statement of the City of Industry Waterworks System's Revenues and Expenses as of March 31, 2018, as presented.

Motion was approved by the following vote:
Ayes: Rojas, Escalera, Aguirre and Hernandez.
Nays: None.
Absent: Hastings.

Action/Discussion Items:

A. Consideration of Purchase of Package Pump System from Muniquip, LLP for the Banbridge Pump Station Project.

- Mr. Frausto provided a summary on the general specifications of the packaged pump station.

After discussion on the need and benefits of the project, it was motioned by Vice President Escalera, seconded by President Rojas, to Authorize the General Manager to Purchase Package Pump System from Muniquip, LLC for $30,900 plus tax.

Motion was approved by the following vote:
Ayes: Rojas, Escalera, Aguirre and Hernandez.
Nays: None.
Absent: Hastings.

B. Consideration of proposal from Doty Bros Construction Company for the Demolition Phase of the Banbridge Pump Station Project.

- Mr. Frausto provided an overview on the scope of services included in the proposal by Doty Bros Construction Company.

After discussion on the scope of the work, it was motioned by Director Aguirre, seconded by Director Hernandez, to Authorize the General Manager to Execute the Agreement for Work as set Forth in the Proposal from Doty Bros Construction Company for an Amount not to Exceed $22,667.65.

Motion was approved by the following vote:
Ayes: Rojas, Escalera, Aguirre and Hernandez.
Nays: None.
Absent: Hastings.

Engineering & Compliance Manager's Report:

- Mr. Frausto summarized his report that was provided in the agenda packet.

After further discussion, motion by President Rojas, seconded by Director Hernandez, to receive and file the Engineering and Compliance Manager's Report as presented.

Motion was approved by the following vote:
Ayes: Rojas, Escalera, Aguirre and Hernandez.
Nays: None.
Absent: Hastings

General Manager's Report:

- Mr. Galindo reported that the District hired Vanessa Chavez for the part-time Customer Support and Accounting Clerk I position and she will be starting on April 30th.
- Mr. Galindo provided an update on a few legislative items that the San Gabriel Valley Water Association has taken positions on.
- Mr. Galindo also reported that Watermaster will be setting the safe yield and rates for assessments at their upcoming May meeting. He added that it appears the safe yield will be set at 150,000 acre feet, which is in line with staff's projection.

Other Items:

A. Upcoming Events.
  - Mr. Galindo provided an update on the upcoming events in 2018. He confirmed with the Directors their plans to attend each of the next few events.

B. Correspondence to the Board of Directors.
  - Included in the Board Meeting Agenda Packet.

Attorney's Comments:
Mr. Trinh had no comments.

Board Member's Comments:

A. Report on events attended.
  - President Rojas reported that he attended 1 event; Southern California Water Coalition's Quarterly Luncheon.
  - Vice President Escalera reported that he attended 1 event; Southern California Water Coalition's Quarterly Luncheon.

B. Other comments.
  - No other comments.

Future Agenda Items:
No future items.

Adjournment:

There is no further business or comment. The meeting was adjourned at 6:09 p.m.

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William R. Rojas, President **Greg B. Galindo, Secretary**

La Puente Water District April 2018 Disbursements

Check #	Payee		Amount	Description
5618	Petty Cash	$	43.98	Office Expense
5619	Arturo B Briseno Jr	$	338.35	Clothing Allowance
5620	Hach Company	$	1,485.87	Compliance Expense
5621	Hunter Electric	$	948.00	Booster Pump Maintenance
5622	Konecranes	$	2,430.74	Quarterly Inspection & Maintenance
5623	McCalls Meter Sales & Service	$	2,115.00	Meter Expense
5624	Northstar Chemical	$	9,826.11	Chemical Expense
5625	R C Foster Corporation	$	6,999.39	Filter Vessel Maintenance
5626	S & J Supply Co Inc	$	276.15	Meter Testing
5627	Sterling Water Technologies	$	1,810.10	Chemical Expense
5628	Weck Laboratories Inc	$	1,993.00	Water Sampling
5629	Weck Laboratories Inc	$	2,327.50	Water Sampling
5630	Weck Laboratories Inc	$	805.00	Water Sampling
5631	Time Warner Cable	$	566.12	Telephone Service
5632	Waste Management of SG Valley	$	194.10	Trash Service
5633	Jian Jun Shang	$	9.27	Customer Overpayment Refund
5634	Sully Miller Contracting Inc	$	1,286.52	Construction Meter Refund
5635	ACWA/JPIA	$	27,704.45	Difference in Conditions Program
5636	ACWA/JPIA	$	6,032.62	Workman's Compensation Program
5637	CCSInteractive	$	54.40	Monthly Website Hosting
5638	Chevron	$	2,791.65	Truck Fuel
5639	Coverall North America Inc	$	255.00	Cleaning Service
5640	Fedak & Brown LLP	$	3,142.00	Audit Expense
5641	Hach Company	$	790.44	Compliance Expense
5642	Highroad IT	$	402.00	Technical Support
5643	Industry Public Utilites	$	20,880.47	Web Payments March 2018
5644	Merritt's Hardware	$	589.11	Field Supplies
5645	Merritt's Hardware	$	31.72	Field Supplies
5646	MJM Communications & Fire	$	964.00	Security Monitoring
5647	O'Reilly Auto Parts	$	48.75	Truck Maintenance
5648	SC Edison	$	6,103.30	Power Expense
5649	Time Warner Cable	$	279.97	Telephone Service
5650	Underground Service Alert	$	114.73	Line Notifications
5651	Valley Collision 2 Inc	$	1,070.08	Truck Maintenance
5652	Weck Laboratories Inc	$	114.50	Water Sampling
5653	Merritt's Hardware	$	10.94	Field Supplies
5654	Socorro Lievanos	$	7,500.00	Banbridge Pump Station Project
5655	Answering Service Care	$	132.57	Answering Service
5656	AWWA	$	1,980.00	AWWA Conference Registration

La Puente Water District April 2018 Disbursements - continued

Check #	Payee		Amount	Description
5657	Bank of America-Visa	$	181.75	Administrative & Conference Expense
5658	Citi Cards	$	486.47	Administrative Expenses
5659	County Sanitation Dists of LA County	$	59.64	Refuse Fee's
5660	Discount Tree Services	$	2,450.00	Banbridge Pump Station Project
5661	InfoSend	$	912.99	Billing Expense
5662	Jiffy Lube My Fleet Center	$	77.43	Administrative Support
5663	Lagerlof, Senecal, Gosney & Kruse	$	4,501.00	Attorney Fee's
5664	Premier Access Insurance Co	$	2,937.70	Dental Insurance
5665	S & J Supply Co Inc	$	228.68	Field Supplies - Inventory
5666	San Gabriel Valley Water Company	$	152.06	Water Service @ Treatment Plant
5667	Sunbelt Rentals	$	219.66	16030 Old Valley Blvd Project
5668	Time Warner Cable	$	301.25	Telephone Service
5669	Trench Shoring	$	366.25	Equipment Rental
5670	Valley Vista Services	$	306.20	Trash Service
5671	Weck Laboratories Inc	$	121.00	Water Sampling
5672	Wesco Security Systems Inc	$	282.00	Security Monitoring
5673	Western Water Works	$	4,927.01	Banbridge Pump Station Project
5674	So Cal Industries	$	141.00	Restroom Service @ Treatment Plant
5675	Suzanne Cuppel	$	47.31	Customer Overpayment Refund
5676	ACWA/JPIA	$	31,327.59	Health Benefits
5677	Cell Business Equipment	$	55.91	Office Expense
5678	Citi Cards	$	1,036.17	Administrative & Conference Expense
5679	Civiltec Engineering Inc	$	4,583.75	Del Valle Housing Project
5680	Doty Bros Equipment Co	$	32,953.50	Del Valle Housing Project
5681	Grainger Inc	$	131.59	Safety Supplies
5682	Highroad IT	$	2,274.92	Server Backup Maintenance & Support
5683	Jack Henry & Associates	$	43.25	Web E-Check Fee's
5684	Lincoln National Life Insurance Company	$	643.89	Disability Insurance
5685	McMaster-Carr Supply Co	$	242.77	Safety Supplies
5686	MetLife	$	298.11	Life Insurance
5687	Raftelis Financial Consultants	$	6,825.00	Water Rate Study
5688	Staples	$	42.70	Office Supplies
5689	Sunbelt Rentals	$	334.64	Equipment Rental
5690	Verizon Wireless	$	625.50	Cellular Service
5691	Weck Laboratories Inc	$	300.50	Water Sampling
5692	Western Water Works	$	125.93	Field Supplies - Inventory
5693	SC Edison	$	25,052.76	Power Expense
5694	Verizon Wireless	$	76.02	Cellular Service
5695	So Cal Water Utilities Association	$	180.00	Seminar Expense

La Puente Water District April 2018 Disbursements - continued

Check #	Payee		Amount	Description
Online	Home Depot	$	347.81	Field Supplies
Autodeduct	Wells Fargo	$	216.45	Merchant Fee's
Autodeduct	Wells Fargo	$	420.81	Bank Fee's
Autodeduct	First Data Global Leasing	$	43.80	Credit Card Machine Lease
On-line	United States Treasury	$	22,058.10	Federal, Social Security & Medicare Taxes
On-line	EDD	$	3,846.59	California State & Unemployment Taxes
On-line	Lincoln Financial Group	$	3,574.00	Deferred Comp
On-line	CalPERS	$	11,893.89	Retirement Program
	Total Payments	**$**	**282,703.25**	

La Puente Valley County Water District
Payroll Summary
April 2018

	April 2018
Employee Wages, Taxes and Adjustments	
Gross Pay	
Total Gross Pay	94,857.16
Deductions from Gross Pay	
Total Deductions from Gross Pay	-4,699.44
Adjusted Gross Pay	90,157.72
Taxes Withheld	
Federal Withholding	-7,517.00
Medicare Employee	-1,378.05
Social Security Employee	-5,892.50
CA - Withholding	-3,846.28
Medicare Employee Addl Tax	0.00
Total Taxes Withheld	-18,633.83
Net Pay	**71,523.89**
Total Employer Taxes and Contributions	7,453.86

La Puente Water District April 2018 Disbursements

Total Vendor Payables	**$ 282,703.25**
Total Payroll	**$ 71,523.89**
Total April 2018 Disbursements	**$ 354,227.14**

Invoice No. 4- 2018-04

May 1, 2018

BPOU Project Committee Members

RE: BPOU O & M Expense Reimbursement Summary

The following cost breakdown represents O & M expenses incurred by the LPVCWD for the month of April 2018.

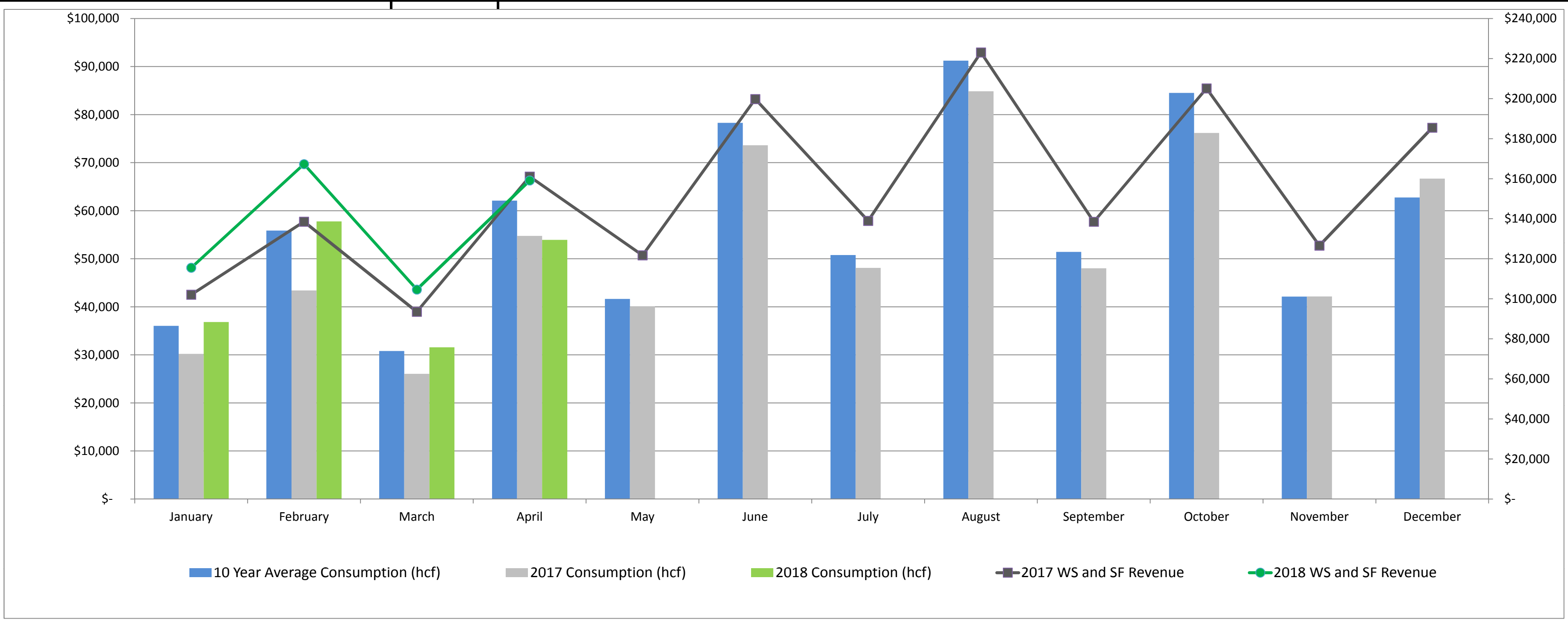
BPOU Acct No.	Description	Invoice No.	Vendor	Amount	Subtotal
LP.02.01.01.00	Power	2-15-629-6188	SC Edison	$ 13,216.40	
		2-03-187-2179	SC Edison	$ 11,836.36	$ 25,052.76
LP.02.01.02.00	Labor Costs	Apr-18	LPVCWD	$ 26,287.22	$ 26,287.22
LP.02.01.05.00	Transportation	Apr-18	LPVCWD - 1683 miles @ .545	$ 917.24	$ 917.24
LP .02.01.07.00	Water Testing	W8D0329	Weck Labs	$ 56.00	
		W8D0413	Weck Labs	$ 226.50	
		W8D0602	Weck Labs	$ 331.50	
		W8D0603	Weck Labs	$ 331.50	
		W8D0716	Weck Labs	$ 307.00	
		W8D0717	Weck Labs	$ 307.00	
		W8D1167	Weck Labs	$ 56.00	
		W8D1173	Weck Labs	$ 105.00	
		W8D1174	Weck Labs	$ 204.00	
		W8D1176	Weck Labs	$ 56.00	
		W8D1324	Weck Labs	$ 200.00	
		W8D1325	Weck Labs	$ 1,035.00	
		W8D1327	Weck Labs	$ 90.00	
		W8D1550	Weck Labs	$ 307.00	
		W8D1551	Weck Labs	$ 200.00	
		W8D1552	Weck Labs	$ 226.50	
		W8D1665	Weck Labs	$ 18.50	
		W8D1666	Weck Labs	$ 56.00	
		W8D1913	Weck Labs	$ 204.00	
		W8D1950	Weck Labs	$ 331.50	
		W8D2020	Weck Labs	$ 200.00	
		W8D2114	Weck Labs	$ 1,046.50	
		W8D2379	Weck Labs	$ 472.00	
		W8D2380	Weck Labs	$ 169.00	
		W8D2381	Weck Labs	$ 56.00	
		W8D2382	Weck Labs	$ 118.50	
		W8D2383	Weck Labs	$ 18.50	
		W8D2384	Weck Labs	$ 336.00	
		W8E0109	Weck Labs	$ 169.00	
		W8E0112	Weck Labs	$ 331.50	$ 7,566.00
LP.02.01.10.00	Operations Monitoring	9462; 04/18	Time Warner Cable	$ 266.12	
		2906; 04/18	Time Warner Cable	$ 300.00	
		9805434341	Verizon Wireless	$ 76.02	$ 642.14
LP.02.01.12.00	Materials/Supplies				
LP.02.01.12.05	Hydrogen Peroxide	122139	Northstar Chemical	$ 2,668.93	$ 2,668.93
LP.02.01.12.06	Sodium Hypochlorite	121030	Northstar Chemical	$ 2,001.71	
		121063	Northstar Chemical	$ 1,687.57	$ 3,689.28
LP.02.01.12.15	Other Expendables	2573559	Home Depot	$ 2.31	
		4054110	Home Depot	$ 118.69	
		5572703	Home Depot	$ 36.04	
		5593264	Home Depot	$ 65.67	
		8562152	Home Depot	$ 10.93	
		104621	Merritt's	$ 6.56	
		104727	Merritt's	$ 43.78	
		104913	Merritt's	$ 21.88	$ 305.86
LP.02.01.13.00	Sulfuric Acid	121680	Northstar Chemical	$ 1,884.15	$ 1,884.15
LP.02.01.15.00	Contractor Labor	SLS/10271009	Trojan UV	$ 23,809.00	$ 23,809.00
LP .02.01.21.00	O & M Management Fee	TP O&M 2017-18	LPVCWD	$ 75,000.00	$ 75,000.00
LP.02.01.80.00	Other O & M	19985	HighRoad IT	$ 134.00	
		18261	MJM Communications	$ 223.20	
		Apr-18	Petty Cash	$ 38.00	
		319420	So Cal Industries	$ 141.00	
		5-13845-75006	Waste Management	$ 194.10	$ 730.30
				Total Expenditures	$ 168,552.88
				District Pumping Cost Deduction	*$ 13,642.66*
				Total Cost Reimbursable	**$ 154,910.22**

Industry Public Utilities April 2018 Disbursements

Check #	Payee		Amount	Description
3011	Eva Moya	$	131.46	Customer Overpayment Refund
3012	ACWA/JPIA	$	475.00	Excess Crime Program
3013	ACWA/JPIA	$	1,508.15	Workman's Compensation Program
3014	CCSInteractive	$	20.40	Monthly Website Hosting
3015	Highroad IT	$	268.00	Technical Support
3016	La Puente Valley County Water District	$	56,775.19	Labor Costs March 2018
3017	Merritt's Hardware	$	14.33	Field Supplies
3018	MJM Communications & Fire	$	180.00	Security Monitoring
3019	Merritt's Hardware	$	19.41	Field Supplies
3020	Time Warner Cable	$	279.96	Telephone Service
3021	Underground Service Alert	$	114.72	Line Notifications
3022	Weck Laboratories Inc	$	107.50	Water Sampling
3023	Fernando Quaglia	$	20.00	Customer Overpayment Refund
3024	Answering Service Care	$	132.57	Answering Service
3025	InfoSend	$	748.46	Billing Expense
3026	Lagerlof, Senecal, Gosney & Kruse	$	4,726.00	Attorney Fee's
3027	Platinum Consulting Group	$	67.50	Administrative Support
3028	SoCal Gas	$	17.88	Gas Expense
3029	Trench Shoring	$	280.00	Equipment Rental
3030	Weck Laboratories Inc	$	107.50	Water Sampling
3031	S.E. Nelson Construction	$	2,105.82	Pump Station Maintenance
3032	RIF I - Valley Blvd LLC	$	23.50	Customer Overpayment Refund
3033	Cell Business Equipment	$	55.90	Office Expense
3034	Highroad IT	$	2,274.92	Server Backup Maintenance & Support
3035	Industry Public Utility Commission	$	492.13	Industry Hills Power Expense
3036	Jack Henry & Associates	$	33.25	Web E-Check Fee's
3037	McMaster-Carr Supply Co	$	208.45	Safety Supplies
3038	San Gabriel Valley Water Company	$	1,216.73	Purchased Water - Salt Lake
3039	SC Edison	$	8,357.14	Power Expense
3040	SoCal Gas	$	14.30	Gas Expense
3041	Staples	$	42.70	Office Supplies
3042	Verizon Wireless	$	625.50	Cellular Service
3043	Weck Laboratories Inc	$	322.50	Water Sampling
3044	La Puente Valley County Water District	$	210.40	Bank Fee Reimbursement
Online	Home Depot	$	149.61	Field Supplies
Online	Epic LA	$	1,545.00	Permits
Autodeduct	Wells Fargo Merchant Fee's	$	88.24	Merchant Fee's
Autodeduct	First Data Global Leasing	$	43.80	Credit Card Machine Lease
	Total April 2018 Disbursements	**$**	**83,803.92**	

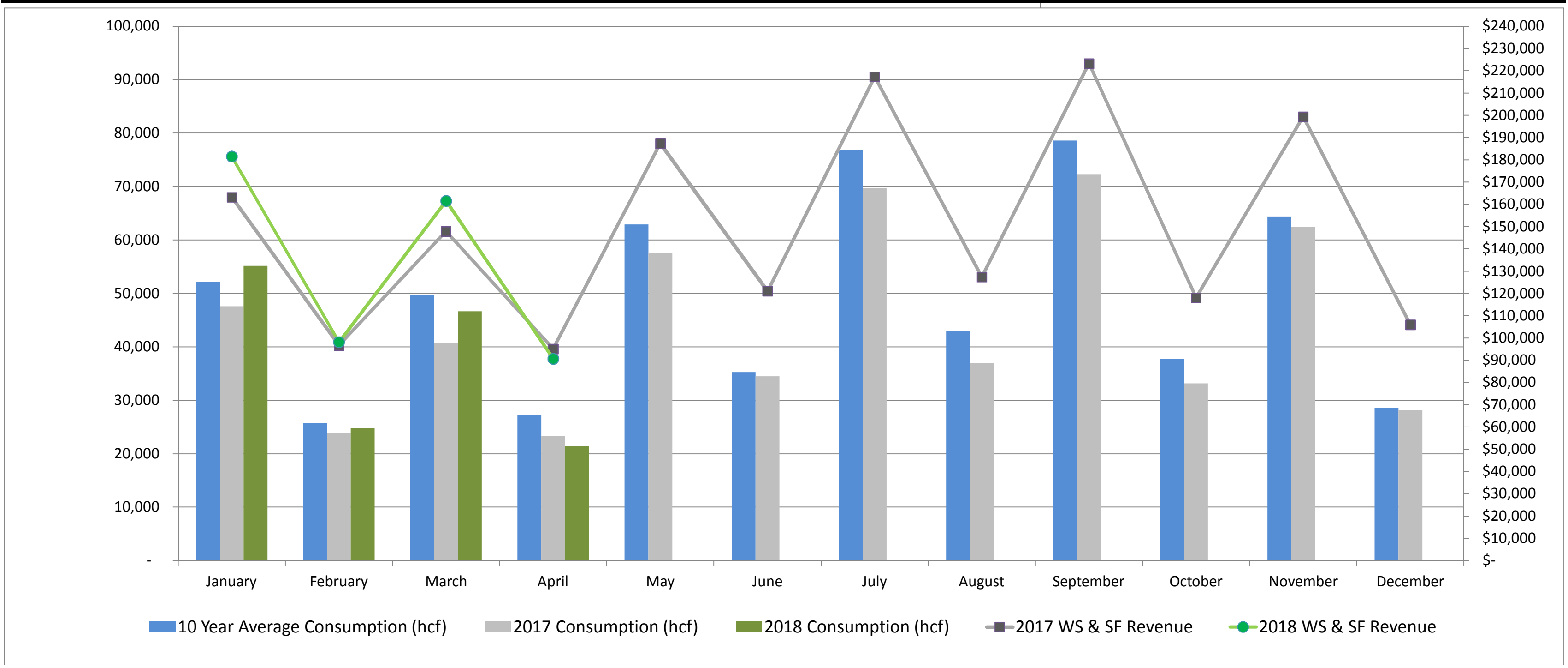
WATER SALES REPORT LPVCWD 2018

LPVCWD	January	February	March	April	May	June	July	August	September	October	November	December	YTD
No. of Customers	1,187	1,218	1,188	**1,217**	-	-	-	-	-	-	-	-	**4,810**
2018 Consumption (hcf)	36,839	57,769	31,582	**53,940**	-	-	-	-	-	-	-	-	**180,130**
2017 Consumption (hcf)	30,207	43,404	26,046	**54,765**	40,068	73,619	48,095	84,860	48,029	76,182	42,166	66,673	**634,114**
10 Year Average Consumption (hcf)	$ 36,050	$ 55,866	$ 30,802	**62,113**	$ 41,650	$ 78,283	$ 50,788	$ 91,226	$ 51,439	$ 84,521	$ 42,118	$ 62,759	**687,613**
2018 Water Sales	$ 69,913	$ 112,965	$ 58,990	**$ 104,919**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 346,788**
2017 Water Sales	$ 56,237	$ 83,965	$ 47,979	**106,562**	$ 76,176	$ 145,325	$ 93,326	$ 168,492	$ 92,909	$ 150,737	$ 80,914	$ 130,894	**$ 1,233,515**
2018 Service Fees	$ 45,632	$ 54,334	$ 45,639	**$ 54,197**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 199,802**
2017 Service Fees	$ 45,815	$ 54,553	$ 45,542	**$ 54,533**	$ 45,577	$ 54,454	$ 45,633	$ 54,565	$ 45,587	$ 54,372	$ 45,684	$ 54,581	**$ 600,896**
2018 Hyd Fees	$ 950	$ 950	$ 950	**$ 950**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 3,800**
2018 DC Fees	$ 380	$ 7,014	$ 380	**$ 7,011**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 14,785**
2018 System Revenue	$ 116,875	$ 175,262	$ 105,960	**$ 167,077**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 565,175**



WATER SALES REPORT CIWS 2018

CIWS	January	February	March	April	May	June	July	August	September	October	November	December	YTD
No. of Customers	961	847	963	**848**	-	-	-	-	-	-	-	-	**3,619**
2018 Consumption (hcf)	55,160	24,734	46,635	**21,410**	-	-	-	-	-	-	-	-	**147,939**
2017 Consumption (hcf)	47,606	23,933	40,733	**23,336**	57,513	34,474	69,686	36,950	72,321	33,163	62,483	28,124	**530,322**
10 Year Average Consumption (hcf)	52,133	25,721	49,729	**27,220**	62,926	35,272	76,828	42,964	78,623	37,699	64,377	28,600	**582,093**
2018 Water Sales	$ 124,508	$ 54,277	$ 104,414	**$ 46,762**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 329,961**
2017 Water Sales	$ 106,782	$ 52,614	$ 90,766	**51,161**	$ 130,423	$ 76,908	$ 160,292	$ 83,374	$ 166,132	$ 74,033	$ 142,362	$ 62,048	**$ 1,196,894**
2018 Service Fees	$ 56,999	$ 43,875	$ 57,130	**$ 43,906**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 201,909**
2017 Service Fees	$ 56,427	$ 44,029	$ 57,111	**43,894**	$ 56,897	$ 44,106	$ 57,029	$ 43,972	$ 57,093	$ 44,011	$ 56,981	$ 43,910	**$ 605,458**
2018 Hyd Fees	$ 1,575	$ 225	$ 1,575	**$ 225**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 3,600**
2018 DC Fees	$ 11,593	$ 2,511	$ 11,593	**$ 2,511**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 28,207**
2018 System Revenues	$ 194,675	$ 100,887	$ 174,713	**$ 93,403**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 563,677**



La Puente Valley County Water District

PRODUCTION REPORT - APRIL 2018

LPVCWD PRODUCTION	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2018 YTD	2017
Well No. 2	4.37	4.85	5.71	0.00									**14.93**	**191.09**
Well No. 3	5.08	5.59	6.61	0.00									**17.28**	**222.47**
Well No. 5	291.98	273.48	319.24	300.50									**1185.20**	**3092.85**
Interconnections to LPVCWD	13.62	2.49	2.22	1.37									**19.70**	**50.65**
Subtotal	**315.05**	**286.40**	**333.78**	**301.87**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**1237.10**	**3557.06**
Interconnections to SWS	211.74	186.47	226.17	169.39									**793.76**	**2028.85**
Interconnections to COI	1.16	0.84	7.82	3.69									**13.51**	**60.26**
Interconnections to Others	0.00	0.00	0.00	0.00									**0.00**	**0.00**
Subtotal	**212.90**	**187.31**	**233.99**	**173.08**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**807.27**	**2089.11**
Total Production for LPVCWD	**102.15**	**99.09**	**99.80**	**128.79**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**429.83**	**1467.95**
CIWS PRODUCTION														
COI Well No. 5 To SGVCW B5	142.85	126.12	127.30	137.73									**534.00**	**1723.57**
Interconnections to CIWS														
SGVWC Salt Lake Ave	0.68	0.61	0.62	0.62									**2.53**	**9.13**
SGVWC Lomitas Ave	103.21	85.82	71.95	98.27									**359.25**	**1274.06**
SGVWC Workman Mill Rd	0.31	0.21	0.09	0.05									**0.66**	**1.88**
Interconnections from LPVCWD	1.16	0.84	7.82	3.69									**13.51**	**60.26**
Subtotal	**105.36**	**87.48**	**80.48**	**102.63**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**375.95**	**1345.33**
Interconnections to LPVCWD	13.44	2.49	2.22	1.37									**19.52**	**49.89**
Total Production for CIWS	**91.92**	**84.99**	**78.26**	**101.26**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**356.43**	**1295.44**

La Puente Valley County Water District - Water System Demand Comparison

Month	2013	2018	Difference 2017-2013 (%)	Accumulative Difference (%)
January	115.58	101.97	-11.8%	-11.8%
February	112.08	99.09	-11.6%	-11.7%
March	135.08	99.80	-26.1%	-17.1%
April	153.73	128.79	-16.2%	-16.8%
May	174.40			
June	185.13			
July	204.48			
August	201.38			
September	187.60			
October	172.74			
November	139.24			
December	133.13			
Totals	1914.57	429.65		

City of Industry Waterworks - Water System Demand Comparison

Month	2013	2018	Difference 2017-2013 (%)	Accumulative Difference (%)
January	90.55	91.92	1.5%	1.5%
February	81.62	84.99	4.1%	2.8%
March	99.4	78.26	-21.3%	-6.0%
April	115.82	101.26	-12.6%	-8.0%
May	147.93			
June	152.60			
July	141.36			
August	153.97			
September	151.67			
October	137.26			
November	110.83			
December	99.84			
Totals	1482.85	356.43		

Production data shown in acre feet (AF)

RESOLUTION NO. 252

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE LA PUENTE VALLEY COUNTY WATER DISTRICT
RECOGNIZING ROSA B. RUEHLMAN
FOR FORTY YEARS OF EMPLOYMENT WITH THE DISTRICT

WHEREAS, Rosa B. Ruehlman has been an employee of the La Puente Valley County Water District (the “District”) for forty (40) years, having started her career at the District on April 28, 1978; and

WHEREAS, Over those 40 years, Mrs. Ruehlman has been a consistent mainstay for the District, having served the District’s customers in various positions including, Billing Clerk, Office Manager, and Board Secretary & Office Administrator; and

WHEREAS, Mrs. Ruehlman has always conducted her business in a kind and pleasant manner with her co-workers and has steadfastly treated the District’s customers with courtesy and respect which has contributed greatly to the community’s perception of the District; and

WHEREAS, Mrs. Ruehlman’s long-time dedication, service, and loyalty to the District is noteworthy and deserving of recognition;

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of the La Puente Valley County Water District hereby recognizes Rosa B. Ruehlman for 40 years of dedication and loyal service to the District and the community which it serves:

BE IT FURTHER RESOLVED, that the Board of Directors of La Puente Valley County Water District hereby expresses its appreciation and gratitude for Mrs. Ruehlman’s commitment to the District throughout her career.

ADOPTED this 14th day of May, 2018

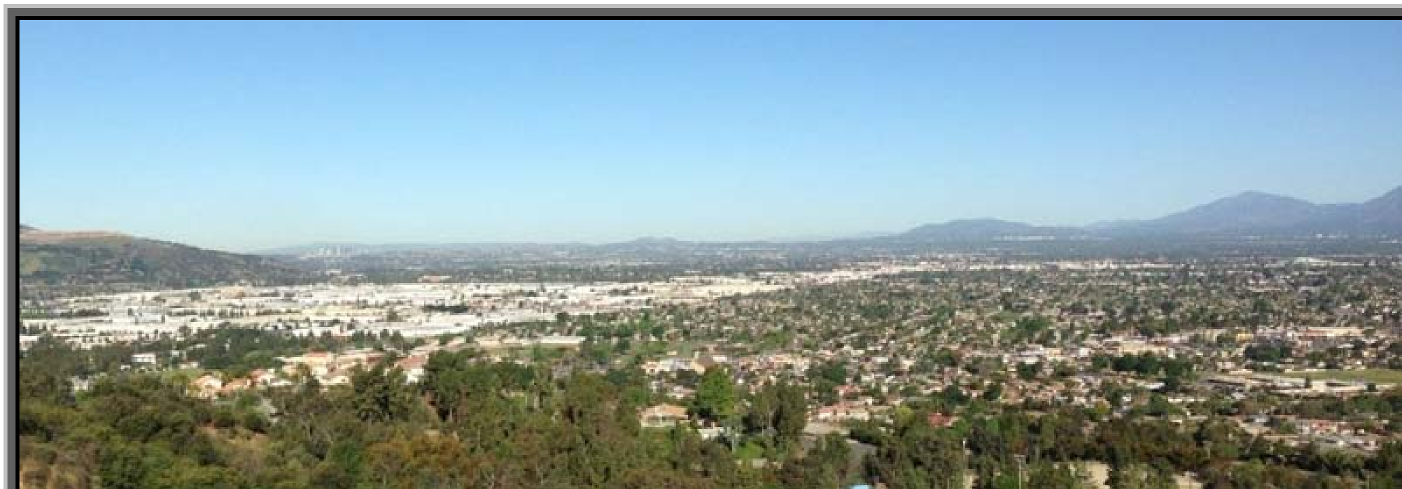
Board of Directors
La Puente Valley County Water District

____________________ President William R. Rojas	____________________ Vice President John P. Escalera
____________________ Director Charles Aguirre	____________________ Director David Hastings
____________________ Director Henry P. Hernandez	ATTEST:
	____________________ Greg B. Galindo, Board Secretary

La Puente Valley County Water District

Annual Financial Report

For the Fiscal Years Ended December 31, 2017 and 2016



Mission Statement

The mission of the La Puente Valley County Water District is to provide its customers with high quality water for residential, commercial, industrial and fire protection uses that meets or exceeds all local, state and federal standards and to provide courteous and responsive service at the most reasonable cost.

Board of Directors as of December 31, 2017

Name	Title	Elected/ Appointed	Current Term
David Hastings	President	Elected	November 2020
William R. Rojas	Vice President	Elected	November 2020
Charlie Aguirre	Director	Elected	November 2018
John P. Escalera	Director	Elected	November 2018
Henry P. Hernandez	Director	Elected	November 2018

La Puente Valley County Water District
Greg B. Galindo, General Manager
112 N. First Street
La Puente, California 91744
(626) 330-2126 – www.lapuentewater.com

La Puente Valley County Water District

Annual Financial Report

For the Fiscal Years Ended December 31, 2017 and 2016

La Puente Valley County Water District
Annual Financial Report
For the Fiscal Years Ended December 31, 2017 and 2016

Table of Contents

Financial Section

Fedak & Brown LLP
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Independent Auditor's Report

Board of Directors
La Puente Valley County Water District
La Puente, California

Report on the Financial Statements

We have audited the accompanying financial statements of the La Puente Valley County Water District (District), which comprises the statements of net position as of December 31, 2017 and 2016, and the related statements of revenues, expenses and changes in net position and cash flows for the fiscal years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these basic 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; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the La Puente Valley County Water District as of December 31, 2017 and 2016, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report, continued

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 3 through 7 and the required supplementary schedules on pages 42 through 44 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audits 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 14, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance. This report can be found on pages 45 and 46.

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
May 14, 2018

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the La Puente Valley County Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended December 31, 2017 and 2016. 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 fiscal year 2017, the District's net position increased 1.40% or $147,627 from $10,527,768 to $10,675,395 as a result of ongoing operations. In fiscal year 2016, the District's net position decreased 0.86% or $91,126 from $10,618,894 to $10,527,768 as a result of ongoing operations.
- In fiscal year 2017, the District's total revenues increased 2.06% or $76,786. In fiscal year 2016, the District's total revenues decreased 2.92% or $112,025.
- In fiscal year 2017, the District's total expenses increased 3.17% or $120,966. In fiscal year 2016, the District's total expenses decreased 13.35% or $588,798.
- In fiscal year 2017, the District's capital contributions increased 3,412.12% or $282,933. In fiscal year 2016, the District's capital contributions decreased 84.79% or $46,213.

Required Financial Statements

This annual report consists of a series of financial statements. The Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements 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 Statements of Net Position include all of the District's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), deferred inflows of resources and net position. They also provide 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 and prior years' revenue and expenses are accounted for in the Statements of Revenues, Expenses and Changes in Net Position. These statements measure the success of the District's operations over the past years and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. These statements can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statements of Cash Flows, which provide information about the District's cash receipts and cash payments during the reporting periods. The Statements of Cash Flows report cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provide answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the District

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 Statement of Net Position and the Statement 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, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting 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.

Financial Analysis of the District, continued

These two statements report the District's *net position* and changes in them. You can think of the District's net position – the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources – 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. The notes to the basic financial statements can be found on pages 13 through 41.

Statements of Net Position

Condensed Statements of Net Position

		2017	2016	Change	As Restated 2015	Change
Assets:						
Current assets	$	4,228,122	3,688,132	539,990	3,986,827	(298,695)
Non-current assets		742,515	737,639	4,876	234,189	503,450
Capital assets, net		7,871,662	8,060,819	(189,157)	8,346,908	(286,089)
Total assets		12,842,299	12,486,590	355,709	12,130,881	(11,775,172)
Deferred outflows of resources		216,368	173,169	43,199	32,353	140,816
Liabilities:						
Current liabilities		547,267	363,729	183,538	318,262	45,467
Non-current liabilities		1,793,181	1,686,233	106,948	1,519,603	166,630
Total liabilities		2,340,448	2,049,962	290,486	1,837,865	212,097
Deferred inflows of resources		42,824	82,029	(39,205)	143,518	(61,489)
Net position:						
Investment in capital assets		7,871,662	8,060,819	(189,157)	8,346,908	(286,089)
Unrestricted		2,803,733	2,466,949	336,784	2,271,986	194,963
Total net position	$	10,675,395	10,527,768	147,627	10,618,894	(91,126)

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 exceeded liabilities and deferred inflows by $10,675,395 and $10,527,768 as of December 31, 2017 and 2016, respectively.

A portion of the District's net position, 73.74% and 76.57% as of December 31, 2017 and 2016, respectively, reflects the District's investment in capital assets net of accumulated depreciation. 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 the fiscal year 2017 and 2016, the District showed a positive balance in its unrestricted net position of $2,803,733 and $2,466,949, respectively. See note 9 for the amount of spendable net position that may be utilized in future years.

Statements of Revenues, Expenses and Changes in Net Position

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2017	2016	Change	As Restated 2015	Change
Revenues:					
Operating revenues	$ 3,481,156	3,437,050	44,106	3,549,657	(112,607)
Non-operating revenues	317,104	284,424	32,680	283,842	582
Total revenues	3,798,260	3,721,474	76,786	3,833,499	(112,025)
Expenses:					
Operating expenses	3,415,126	3,281,429	133,697	3,319,734	(38,305)
Non-operating expense	785	-	785	786	(786)
Depreciation expense	525,947	539,463	(13,516)	1,089,170	(549,707)
Total expenses	3,941,858	3,820,892	120,966	4,409,690	(588,798)
Net income before capital contributions	(143,598)	(99,418)	(44,180)	(576,191)	476,773
Capital contributions	291,225	8,292	282,933	54,505	(46,213)
Change in net position	147,627	(91,126)	238,753	(521,686)	430,560
Net position:					
Beginning of year – as restated	10,527,768	10,618,894	(91,126)	11,140,580	(521,686)
End of year	$ 10,675,395	10,527,768	147,627	10,618,894	(91,126)

The statements of revenues, expenses and changes in net position show how the District's net position changed during the years. In the case of the District, net position increased 1.40% or $147,627 from $10,527,768 to $10,675,395 as a result of ongoing operations. In fiscal year 2016, the District's net position decreased 0.86% or $91,126 from $10,618,894 to $10,527,768 as a result of ongoing operations.

A closer examination of the sources of changes in net position reveals that:

In fiscal year 2017, the District's total revenues increased 2.06% or $76,786. In fiscal year 2016, the District's total revenues decreased 2.92% or $112,025.

In fiscal year 2017, the District's operating revenues increased 1.28% or $44,106 due primarily to increases of $73,753 in water consumption sales and $27,351 in water treatment services, which were offset by a decrease of $62,260 in water treatment operations and maintenance fees. In fiscal year 2016, the District's operating revenues decreased 3.17% or $112,607 due primarily to a decrease of $279,847 in water treatment service revenues, which was offset by increases of $63,468 in water consumption sales, $42,791 in project administrative services, $38,262 in water treatment operations and maintenance fees, and $10,229 in bi-monthly service charges.

In fiscal year 2017, the District's non-operating revenues increased 11.21% or $31,895 due primarily to increases of $14,807 in property taxes, $10,009 in investment earnings, and $7,600 in other non-operating revenue. In fiscal year 2016, the District's non-operating revenues increased 0.48% or $1,368 due primarily to an increase of $7,730 in investment earnings, which was offset by a decrease of $6,177 in other non-operating revenue.

In fiscal year 2017, the District's total expenses increased 3.17% or $120,966. In fiscal year 2016, the District's total expenses decreased 13.35% or $588,798.

Statements of Revenues, Expenses and Changes in Net Position, continued

In fiscal year 2017, the District's operating expenses increased 4.07% or $133,697 due primarily to increases of $172,290 in salaries and benefits, $45,194 in assessments, and $29,986 in water treatment costs, which were offset by decreases of $53,594 in source of supply, $31,885 in transmission and distribution, $17,812 in pumping costs, and $9,301 in general and administrative expenses. In fiscal year 2016, the District's operating expenses decreased 1.15% or $38,305 due primarily to a decrease of $320,430 in water treatment costs, which was offset by an increase of $282,125 in water operations expenses.

In fiscal year 2017, the District's non-operating expense increased by $785 due primarily to a loss on disposal of capital assets. In fiscal year 2016, the District's non-operating expense decreased by $786 due primarily to a loss on disposal of capital assets recorded in the prior year.

In fiscal year 2017, the District's depreciation expense decreased 2.51% or $13,516 due primarily to the maturing of existing capital assets. In fiscal year 2016, the District's depreciation expense decreased 50.47% or $549,707 due primarily to a change in the useful life of the treatment plant capital assets.

In fiscal year 2017, the District's capital contributions increased 3,412.12% or $282,933 due primarily to increases of $210,130 in capital contributions from a developer and $72,803 in developer fees. In fiscal year 2016, the District's capital contributions decreased 84.79% or $46,213 due primarily to a decrease of $30,787 in capital contributions and $15,426 in developer fees.

Capital Asset Administration

At the end of fiscal years 2017 and 2016, the District's investment in capital assets amounted to $7,871,662 and $8,060,819 (net of accumulated depreciation), respectively. This investment in capital assets includes land, construction-in-process, water treatment plant, transmission and distribution, pumps and reservoirs, buildings and structures, equipment, vehicles, and software. See note 5 for further information.

Changes in capital asset amounts for 2017, were as follows:

	Balance 2016	Additions	Transfers/ Deletions	Balance 2017
Capital assets:				
Non-depreciable assets	$ 315,553	217,152	-	532,705
Depreciable assets	24,348,015	120,423	(15,095)	24,453,343
Accumulated depreciation	(16,602,749)	(525,947)	14,310	(17,114,386)
Total capital assets, net	$ 8,060,819	(188,372)	(785)	7,871,662

Changes in capital asset amounts for 2016, were as follows:

	Balance 2015	Additions	Transfers/ Deletions	Balance 2016
Capital assets:				
Non-depreciable assets	$ 262,076	107,649	(54,172)	315,553
Depreciable assets	24,226,606	199,897	(78,488)	24,348,015
Accumulated depreciation	(16,141,774)	(539,463)	78,488	(16,602,749)
Total capital assets, net	$ 8,346,908	(231,917)	(54,172)	8,060,819

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: Greg B. Galindo, General Manager of La Puente Valley County Water District at 112 N. First Street, La Puente, CA 91744 or by phone (626) 330-2126.

Basic Financial Statements

La Puente Valley County Water District
Statements of Net Position
December 31, 2017 and 2016

		2017	2016
Current assets:			
Cash and cash equivalents (note 2)	$	3,257,807	2,684,261
Accrued interest receivable		7,206	3,381
Accounts receivable – water sales and services		323,656	303,499
Accounts receivable – other (note 3)		252,402	341,298
Accounts receivable – property taxes		30,866	30,510
Materials and supplies inventory		87,563	89,445
Prepaids		33,920	23,010
Prepaid water rights (note 4)		234,702	212,728
Total current assets		4,228,122	3,688,132
Non-current assets:			
Investments (note 2)		508,326	503,450
Prepaid water rights (note 4)		234,189	234,189
Capital assets – not being depreciated (note 5)		532,705	315,553
Capital assets – being depreciated, net (note 5)		7,338,957	7,745,266
Total non-current assets		8,614,177	8,798,458
Total assets		12,842,299	12,486,590
Deferred outflows of resources:			
Deferred pension outflows (note 8)		216,368	173,169
Total deferred outflows of resources		216,368	173,169
Current liabilities:			
Accounts payable and accrued expenses		232,380	304,038
Developer deposits		247,367	-
Customer deposits		3,285	1,200
Long-term liabilities – due in one year:			
Compensated absences (note 6)		64,235	58,491
Total current liabilities		547,267	363,729
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences (note 6)		64,235	58,492
Other post-employment benefits payable (note 7)		1,100,438	1,112,165
Net pension liability (note 8)		628,508	515,576
Total non-current liabilities		1,793,181	1,686,233
Total liabilities		2,340,448	2,049,962
Deferred inflows of resources:			
Deferred pension inflows (note 8)		42,824	82,029
Total deferred inflows of resources		42,824	82,029
Net position: (note 9)			
Investment in capital assets		7,871,662	8,060,819
Unrestricted		2,803,733	2,466,949
Total net position	$	10,675,395	10,527,768

See accompanying notes to the basic financial statements

La Puente Valley County Water District
Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended December 31, 2017 and 2016

		2017	2016
Operating revenues:			
Water operation revenues:			
Water consumption sales	$	1,254,465	1,180,712
Bi-monthly service charges		604,424	601,298
Other water service charges		30,342	30,664
Fire services		56,901	54,362
Water surplus sales		35,769	30,558
Other water service charges		-	195
Total water service charges		1,981,901	1,897,789
Facility and service contract revenue: (note 10)			
Water treatment services – BPOU		1,189,748	1,162,397
Water treatment operations and maintenance fees – BPOU		12,740	75,000
Water treatment other charges – BPOU		65,461	68,259
Retail water distribution system management fee – City of Industry		182,070	178,500
Project administrative services – PVOU IZ		49,236	55,105
Total facility and service contract revenue		1,499,255	1,539,261
Total operating revenues		3,481,156	3,437,050
Operating expenses:			
Water operation expenses:			
Source of supply		421,870	475,464
Transmission and distribution		284,520	316,405
Pumping		110,733	128,545
Assessments		132,114	86,920
Water treatment		4,124	6,408
Customer accounts		20,907	19,804
General and administrative		320,430	329,731
Salaries and benefits		1,287,439	1,115,149
Total water operation expenses		2,582,137	2,478,426
Facility and service contract expenses: (note 10)			
Water treatment costs – BPOU		832,989	803,003
Total facility and service contract expenses		832,989	803,003
Total operating expenses		3,415,126	3,281,429
Operating income before depreciation expense		66,030	155,621
Depreciation expense		(525,947)	(539,463)
Operating loss	$	(459,917)	(383,842)

Continued on next page

See accompanying notes to the basic financial statements

La Puente Valley County Water District
Statements of Revenues, Expenses and Changes in Net Position, continued
For the Fiscal Years Ended December 31, 2017 and 2016

		2017	2016
Non-operating revenues:			
Property taxes	$	230,515	215,708
Investment earnings		24,001	13,992
Rental revenue (note 11)		34,988	33,969
Gain from disposition of capital assets		-	755
Other non-operating revenues		27,600	20,000
Total non-operating revenues		317,104	284,424
Non-operating expense:			
Loss from disposition of capital assets		785	-
Total non-operating expense		785	-
Total non-operating revenue, net		316,319	284,424
Net loss before capital contributions		(143,598)	(99,418)
Capital contributions:			
Capital contributions - developer		210,130	-
Developer fees		81,095	8,292
Total capital contributions		291,225	8,292
Change in net position		147,627	(91,126)
Net position:			
Beginning of year		10,527,768	10,618,894
End of year	$	10,675,395	10,527,768

See accompanying notes to the basic financial statements

La Puente Valley County Water District
Statements of Cash Flows
For the Fiscal Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Cash receipts from customers for water sales and services	$ 2,211,196	1,891,497
Cash receipts from facility and service contract revenue	1,499,255	1,539,261
Cash receipts from others	151,485	9,561
Cash paid to vendors and suppliers for materials and services	(2,230,347)	(2,134,138)
Cash paid to employees for salaries and wages	(1,257,151)	(1,143,415)
Net cash provided by operating activities	374,438	162,766
Cash flows from non-capital financing activities:		
Proceeds from property taxes	230,159	207,955
Net cash provided by non-capital financing activities	230,159	207,955
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(337,576)	(253,374)
Proceeds from capital contributions	291,225	8,292
Proceeds from the sale of capital assets	-	755
Net cash used in capital and related financing activities	(46,351)	(244,327)
Cash flows from investing activities:		
Purchases of investments	(205,000)	(500,000)
Proceeds from sale of investments	200,566	-
Interest and investment earnings	19,734	9,174
Net cash provided by(used in) investing activities	15,300	(490,826)
Net increase(decrease) in cash and cash equivalents	573,546	(364,432)
Cash and cash equivalents:		
Beginning of year	2,684,261	3,048,693
End of year	$ 3,257,807	2,684,261

Continued on next page

See accompanying notes to the basic financial statements

La Puente Valley County Water District
Statements of Cash Flows, continued
For the Fiscal Years Ended December 31, 2017 and 2016

		2017	2016
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	$	(459,917)	(383,842)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation expense		525,947	539,463
Rental revenue		34,988	33,969
Other non-operating revenues		27,601	20,000
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
(Increase)Decrease in assets:			
Accounts receivable – water sales and services		(20,157)	(5,092)
Accounts receivable – other		88,896	(44,408)
Materials and supplies inventory		1,882	(4,970)
Prepaids		(10,910)	7,336
Prepaid water rights		(21,974)	(9,482)
Increase in deferred outflows of resources:			
Deferred pension outflows		(43,199)	(140,816)
Increase(Decrease) in liabilities:			
Accounts payable and accrued expenses		(71,658)	39,258
Developer deposits		247,367	-
Customer deposits		2,085	(1,200)
Compensated absences		11,487	14,818
Other post-employment benefits payable		(11,727)	(20,224)
Net pension liability		112,932	179,445
Decrease in deferred inflows of resources:			
Deferred pension inflows		(39,205)	(61,489)
Total adjustments		834,355	546,608
Net cash provided by operating activities	$	374,438	162,766

See accompanying notes to the basic financial statements

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The La Puente Valley County Water District (District) was incorporated in August 1924, an independent special district, which operates under the authority of Division 12 of the California Water Code. On April 28, 1925, voters approved a general obligation bond issue for $135,000. Proceeds of the Bonds were used to purchase the Puente City Water Company for $35,000 and pay for construction of almost five miles of fourteen and sixteen inch water mains extending from Puente Avenue and Francisquito Avenue to the Hudson Street booster plant and from there to the reservoir on the easterly end of Main Street in La Puente. The last of the bonds were retired in 1964. Since inception, the District has grown to encompass some 1,600 acres in Los Angeles County. The District provides water for residential and commercial purposes, as well as operates and maintains the water distribution system for the City of Industry and the operation and maintenance of groundwater treatment for the Baldwin Park Operable Unit area. The District is governed by a five-member board of directors elected within the District's service area.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Statements No. 61, *The Financial Reporting Entity*. 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 unit that has substantively the same 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.

B. Basis of Accounting and Measurement Focus

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing water to its service area on a continuing basis be financed or recovered primarily through user charges (water sales), water treatment services, capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as water sales and water purchases, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

The District recognizes revenue from water and service charges based on cycle billings preformed bi-monthly. The District accrues revenues with respect to water and service sold but not billed at the end of a fiscal period.

C. Financial Reporting

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

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting, continued

The District has adopted the following GASB pronouncements in the current year:

In June 2015, the GASB issued Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness or information about postemployment benefits other than pensions (other postemployment benefits of OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No.50, *Pension Disclosures*.

The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. There currently is no impact of the implementation of this Statement to the District's financial statements.

In January 2016, the GASB issued Statement No. 80 – *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. There currently is no impact of the implementation of this Statement to the District's financial statements.

In March 2016, the GASB issued Statement No. 81 – *Irrevocable Split-Interest Agreements.* The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. There currently is no impact of the implementation of this Statement to the District's financial statements.

In March 2016, the GASB issued Statement No. 82 – *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No.73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. There currently is no impact of the implementation of this Statement to the District's financial statements.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

1. 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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

2. 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.

3. Investments and Investment Policy

The District has adopted an investment policy directing management to deposit funds in financial institutions. 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. Investments are to be made in the following areas:

- State of California Local Area Investment Fund (LAIF)
- Certificates-of-deposit

4. Fair Value Measurements

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

- **Level 1** – This valuation level is based on quoted prices in active markets for identical assets. The District does not currently hold any investments valued at this level.

- **Level 2** – This valuation level is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals. The District currently holds certificates of deposit investments valued at this level.

- **Level 3** – This valuation level is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity and other assumptions that are internally generated and cannot be observed in the market. The District does not currently hold any investments valued at this level.

The District's investment in LAIF is valued at amortized cost therefore the District has determined it does not meet fair value measurement criteria.

5. Accounts Receivable

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the District uses the direct write-off method for those accounts based on individual customer evaluation and specific circumstances.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued

6. Materials and Supplies Inventory

Materials and supplies inventory consists primarily of water pipe and pipefittings for construction and repair to the District's water treatment and distribution system. Materials and supplies are valued at cost using a weighted average method. Inventory items are charged to expense at the time the items are withdrawn from inventory or consumed.

7. Prepaids and Prepaid Water Rights

Certain payments to vendors reflect costs or deposits applicable to future accounting periods are recorded as prepaid items in the basic financial statements. The cost of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

8. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets as follows: (1) $10,000 for land, plant, buildings and related improvements, (2) $5,000 for infrastructure, and (3) $2,000 for vehicles and equipment. Donated assets are recorded at estimated fair market value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

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

Water treatment plant	25 years
Transmission and distribution	20-50 years
Pumps and reservoirs	10-33 years
Buildings and structures	10 years
Tools and equipment	10-30 years
Automotive equipment	5-7 years
Office equipment and fixtures	5-10 years
Radio equipment	10 years
Software	10 years

9. Deferred Outflows of Resources

The statement of net position reports a separate section for deferred outflows of resources. This financial statement element, *deferred outflows of resources*, represents a consumption of resources applicable to future periods and therefore will *not* be recognized as an outflow of resources (expenditure) until that time.

The District has the following pension related items that qualify for reporting in this category:

- Deferred outflow which is equal to the employer contributions made after the measurement date of the net pension liability. This amount will be amortized-in-full against the net pension liability in the next fiscal year.
- Deferred outflow for the net changes in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan. In the prior year, this item was reported as a deferred inflow.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued

9. Deferred Outflows of Resources, continued

The District has the following pension related items that qualify for reporting in this category:

- Deferred outflow for the net changes in proportion which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan. In the prior year, this item was reported as a deferred inflow.
- Deferred outflow for the net difference in projected and actual earnings on investments of the pension plans fiduciary net position. This amount is amortized over a 5 year period.

10. Compensated Absences

The District's personnel policies provide for accumulation of vacation and sick leave. Liabilities for vacation and sick leave are recorded when benefits are earned. Cash payment of unused vacation is available to those qualified employees when retired or terminated.

11. Pensions

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

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

At December 31, 2017, the following timeframes were used:

- Valuation Date: June 30, 2016
- Measurement Date: June 30, 2017
- Measurement Period: July 1, 2016 to June 30, 2017

At December 31, 2016, the following timeframes were used:

- Valuation Date: June 30, 2015
- Measurement Date: June 30, 2016
- Measurement Period: July 1, 2015 to June 30, 2016

12. Deferred Inflows of Resources

The statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This financial statement element, *deferred inflows of resources*, represents an acquisition of resources applicable to future periods and therefore will *not* be recognized as an inflow of resources (revenue) until that time.

The District has the following pension related items that qualify for reporting in this category:

- Deferred inflow for the net differences between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan. In the prior year, this item was reported as a deferred outflow.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued

12. Deferred Inflows of Resources, continued

- Deferred inflow for the net differences in actual and proportionate share of employer contribution and net changes in proportion which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

13. Net Position

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

- **Investment in Capital Assets Component of Net Position** – This component of net position consists of capital assets net of accumulated depreciation.

- **Unrestricted Component of Net Position** – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the investment in capital assets.

14. Property Taxes and Assessments

The County of Los Angeles Assessor's Office assesses all real and personal property within the County each year. The County of Los Angeles Collector's Office bills and collects the District's share of property taxes and assessments. The County of Los Angeles Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes receivable at year-end are related to property taxes collected by the County of Los Angeles, which have not been credited to the District's cash balance as of December 31. The property tax calendar is as follows:

Lien date	January 1
Levy date	June 30
Due dates	November 1 and February 1
Collection dates	December 10 and April 10

15. Water and Sewer Service Charges

The District recognizes water and sewer services charges based on cycle billings rendered to the customers on a bi-monthly basis.

16. Capital Contributions

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

17. Budgetary Policies

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

(2) Cash and Investments

Cash and investments as of December 31 are classified in the Statements of Net Position as follows:

		2017	2016
Cash and cash equivalents	$	3,257,807	2,684,261
Investments		508,326	503,450
Total cash and investments	$	3,766,133	3,187,711

Cash and investments as of December 31 consisted of the following:

		2017	2016
Cash on hand	$	300	300
Deposits with financial institutions		1,259,382	701,136
Investments		2,506,451	2,486,275
Total cash and investments	$	3,766,133	3,187,711

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

The following table 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 and Local Agency Bonds	5 years	100%	None
U.S. Treasury Obligations	5 years**	100%	None
U.S. Government Agency Securities	5 years**	100%	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase agreements	1 year	100%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
California Local Agency Investment Fund (LAIF)	N/A	100%	None
Beneficial Interest of a Joint Power Authority	N/A	100%	None

* Excluding amounts held by bond trustee that are not subject to California Government Code.

** Except when authorized by the District's legislative body in accordance with Government Code Section

(2) Cash and Investments, continued

Custodial Credit Risk

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

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the District's bank balances, up to $250,000 is federally insured. The remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis.

The District's deposit and withdrawal restrictions and limitations are as follows:

- Each agency in the fund may invest up to $40 million and may invest without limitation in special bond proceeds accounts.
- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transactions processing occurs for orders received after 10:00 a.m.
- Maximum limit of 15 transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement of $5,000, in increments of a $1,000 dollars.
- Withdrawals of $10,000,000 or more require 24 hours advance.
- Prior to funds transfer, an authorized person must call LAIF to do a verbal transaction.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity date:

(2) Cash and Investments, continued

Investment maturities as of December 31, 2017, were as follows:

		Remaining Maturity (in Months)		
Investment Type	Amount	12 Months Or Less	13 to 24 Months	25-60 Months
Local Agency Investment Fund (LAIF)	$ 1,998,125	1,998,125	-	-
Certificates of Deposit	508,326	403,635	104,691	-
Total	$ 2,506,451	2,401,760	104,691	-

Investment maturities as of December 31, 2016, were as follows:

		Remaining Maturity (in Months)		
Investment Type	Amount	12 Months Or Less	13 to 24 Months	25-60 Months
Local Agency Investment Fund (LAIF)	$ 1,982,825	1,982,825	-	-
Certificates of Deposit	503,450	202,907	250,472	50,071
Total	$ 2,486,275	2,185,732	250,472	50,071

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the years ended for each investment type.

Credit ratings as of December 31, 2017, were as follows:

Investment Type	Amount	Minimum Legal Rating	Rating as of year-end Not Rated
Local Agency Investment Fund (LAIF)	$ 1,998,125	N/A	$ 1,998,125
Certificates of Deposit	508,326	N/A	508,326
Total	$ 2,506,451		$ 2,506,451

Credit ratings as of December 31, 2016, were as follows:

Investment Type	Amount	Minimum Legal Rating	Rating as of year-end Not Rated
Local Agency Investment Fund (LAIF)	$ 1,982,825	N/A	$ 1,982,825
Certificates of Deposit	503,450	N/A	503,450
Total	$ 2,486,275		$ 2,486,275

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments.

(2) Cash and Investments, continued

Fair Value Measurements

Investments measured at fair value as of December 31, 2017, on a recurring and non-recurring basis, were as follows:

			Fair Value Measurements Using		
Investment Type		**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Certificates of Deposit	$	508,326	-	508,326	-
Investments at Amortized Cost:					
Local Agency Investment Fund (LAIF)		1,998,125			
Total	$	2,506,451			

Investments measured at fair value as of December 31, 2016, on a recurring and non-recurring basis, were as follows:

			Fair Value Measurements Using		
Investment Type		**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Certificates of Deposit	$	503,450	-	503,450	-
Investments at Amortized Cost:					
Local Agency Investment Fund (LAIF)		1,982,825			
Total	$	2,486,275			

(3) Accounts Receivable – Other

At December 31 accounts receivable – other was comprised of the following balances by vendor:

		2017	**2016**
San Gabriel Basin Water Quality Authority	$	96,716	242,127
Industry Public Utilities		79,269	69,759
Northrop Grumman Systems Corporation		21,204	14,332
Suburban Water Systems		12,074	13,995
Upper San Gabriel Valley Municipal Water District		-	800
City of Industry		9,795	285
Developer – Brandywine Homes		33,344	-
Total accounts receivable – other	$	252,402	341,298

(4) Prepaid Water Rights

Prepaid water rights at December 31were as follows:

	Balance 2016	Additions	Deletions	Balance 2017	Current Portion	Long-term Portion
$	446,917	234,702	(212,728)	468,891	234,702	234,189

	Balance 2015	Additions	Deletions	Balance 2016	Current Portion	Long-term Portion
$	437,436	212,728	(203,247)	446,917	212,728	234,189

On May 7, 2009, the District purchased 2,000 acre feet of untreated cyclic storage water from the Main San Gabriel Basin Watermaster at a cost of $251.90 per acre-foot. At December 31, 2017, the remaining available water from the initial purchase amounted to $234,189. The available balance was unchanged from December 31, 2016, therefore the balance is classified as non-current.

On July 1, 2015, the District entered into an agreement for the purchase commitment of leased water production rights for 2016, 2017, and 2018. The available water production rights for lease are determined by Watermaster's Operating Safe Yield, which is typically set in May of each year. The District has agreed to lease the rights at 91% of the price to purchase replenishment water from another governmental agency effective July of each year. The District estimated there are a total of 335.39 acre-feet of water production rights available for lease at a cost of $699.79 per acre-foot. The balance is expected to be utilized in the following fiscal year and therefore is classified as current. As of December 31, 2017 and 2016, the District prepaid for the water production rights in the amount of $234,702 and 212,728, respectively. For further information, please see note 15.

(5) Capital Assets

Construction-In-Progress

The District has been involved in various construction projects throughout the year. The balances of the various construction projects that comprise the construction-in-progress balances at December 31 were as follows:

		2017	2016
New district office building	$	21,928	21,928
Recycled water project		110,397	110,397
Zone 3 improvements		7,022	-
Developer project – 747 Del Valle		210,130	-
Total construction-in-process	$	349,477	132,325

(5) Capital Assets, continued

Changes in capital assets for December 31 were as follows:

	Balance 2016	Category Transfers	Additions/ Transfers	Deletions/ Transfers	Balance 2017
Non-depreciable assets:					
Land	$ 183,228	-	-	-	183,228
Construction-in-process	132,325	-	217,152	-	349,477
Total non-depreciable assets	315,553	-	217,152	-	532,705
Depreciable assets:					
Water treatment plant	10,864,600	1,725	-	-	10,866,325
Transmission and distribution	9,330,232	(1,725)	57,904	-	9,386,411
Pumps and reservoirs	2,636,944	-	-	-	2,636,944
Buildings and structures	503,438	-	-	-	503,438
Tools and equipment	628,868	-	-	-	628,868
Automotive equipment	304,418	-	39,731	-	344,149
Office equipment and fixtures	42,174	-	22,788	(15,095)	49,867
Radio equipment	12,944	-	-	-	12,944
Software	24,397	-	-	-	24,397
Total depreciable assets	24,348,015	-	120,423	(15,095)	24,453,343
Accumulated depreciation:					
Water treatment plant	(8,918,730)	94,797	(158,213)	-	(8,982,146)
Transmission and distribution	(5,488,316)	(19,123)	(236,342)	-	(5,743,781)
Pumps and reservoirs	(1,142,927)	-	(71,337)	-	(1,214,264)
Buildings and structures	(342,853)	-	(25,172)	-	(368,025)
Tools and equipment	(398,285)	(94,797)	(13,644)	-	(506,726)
Automotive equipment	(232,971)	-	(16,007)	-	(248,978)
Office equipment and fixtures	(54,270)	19,123	(3,938)	14,310	(24,775)
Radio equipment	-	-	(1,294)	-	(1,294)
Software	(24,397)	-	-	-	(24,397)
Total accumulated depreciation	(16,602,749)	-	(525,947)	14,310	(17,114,386)
Total depreciable assets, net	7,745,266	-	(405,524)	(785)	7,338,957
Total capital assets, net	$ 8,060,819	-	(188,372)	(785)	7,871,662

Category Transfers

During the fiscal year ended December 31, 2017, the District transferred amount’s between categories’ for depreciable asset cost and accumulated depreciation for the purpose of properly aligning depreciable asset cost and accumulated depreciation for financial reporting.

(5) Capital Assets, continued

Changes in capital assets for December 31 were as follows:

		Balance 2015	Additions/ Transfers	Deletions/ Transfers	Balance 2016
Non-depreciable assets:					
Land	$	164,624	18,604	-	183,228
Construction-in-process		97,452	89,045	(54,172)	132,325
Total non-depreciable assets		262,076	107,649	(54,172)	315,553
Depreciable assets:					
Water treatment plant		10,864,600	-	-	10,864,600
Transmission and distribution		9,279,166	51,066	-	9,330,232
Pumps and reservoirs		2,633,838	3,106	-	2,636,944
Buildings and structures		503,438	-	-	503,438
Tools and equipment		529,538	99,330	-	628,868
Automotive equipment		289,459	33,451	(18,492)	304,418
Office equipment and fixtures		56,314	-	(14,140)	42,174
Radio equipment		45,856	12,944	(45,856)	12,944
Software		24,397	-	-	24,397
Total depreciable assets		24,226,606	199,897	(78,488)	24,348,015
Accumulated depreciation:					
Water treatment plant		(8,740,741)	(177,989)	-	(8,918,730)
Transmission and distribution		(5,251,448)	(236,868)	-	(5,488,316)
Pumps and reservoirs		(1,071,693)	(71,234)	-	(1,142,927)
Buildings and structures		(317,681)	(25,172)	-	(342,853)
Tools and equipment		(391,776)	(6,509)	-	(398,285)
Automotive equipment		(235,822)	(15,641)	18,492	(232,971)
Office equipment and fixtures		(62,360)	(6,050)	14,140	(54,270)
Radio equipment		(45,856)	-	45,856	-
Software		(24,397)	-	-	(24,397)
Total accumulated depreciation		(16,141,774)	(539,463)	78,488	(16,602,749)
Total depreciable assets, net		8,084,832	(339,566)	-	7,745,266
Total capital assets, net	$	8,346,908	(231,917)	(54,172)	8,060,819

(6) Compensated Absences

Compensated absences comprise unpaid vacation leave, sick leave and compensating time off which is accrued as earned. The District’s liability for compensated absences is determined annually.

Changes in compensated absences for December 31 were as follows:

	Balance 2016	Earned	Taken	Balance 2017	Current Portion	Long-term Portion
$	116,983	45,733	(34,246)	128,470	64,235	64,235

(6) Compensated Absences, continued

Changes in compensated absences for December 31 were as follows:

	Balance 2015	Earned	Taken	Balance 2016	Current Portion	Long-term Portion
$	102,165	53,158	(38,340)	116,983	58,491	58,492

(7) Other Post-Employment Benefits Payable

The District provides other post-employment benefits (OPEB) to qualified employees who retire from the District and meet the District's vesting requirements. The reporting requirements for these benefit programs as they pertain to the District are set forth below.

Plan Description – Eligibility

The District provides post-retirement benefits for certain retired members of the Board of Directors and two retired employees. Effective December 31, 1991, the District began providing these benefits to eligible retired Directors or employees, at age 50 and with at least ten years of continuous service to the District. The benefits include medical, dental and vision insurance coverage. Effective January 9, 2012, the District modified the post-employment benefits for employees hired after November 1, 2011. These employees are eligible for post-employment benefits at age 55 and with at least twenty years of continuous service to the District.

Membership in the OPEB plan consisted of the following members as of December 31:

	2017	2016	2015
Active plan members	13	13	13
Retirees and beneficiaries receiving benefits	2	2	3
Separated plan members entitled to but not yet receiving benefits	-	-	-
Total plan membership	15	15	16

Plan Description – Benefits

The District offers post-employment medical, dental and vision benefits to retired employees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any plan available through the ACWA-JPIA medical, dental and vision programs. The contribution requirements of Plan members and the District are established and may be amended by the Board of Directors.

Funding Policy

The District is required to contribute the *Annual Required Contribution (ARC) of the Employer*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate (annual required contribution / covered payroll) is 13.65% for 2017 of the annual covered payroll.

(7) Other Post-Employment Benefits Payable, continued

Annual Cost

The District will pay 100% of the cost of the post-employment benefit plan. The District funds the plan on a pay-as-you-go basis and maintains reserves (and records a liability) for the difference between pay-as-you-go and the actuarially determined ARC cost.

For the years ended December 31, 2017 and 2016, the District's ARC cost was $175,783 and $173,285, respectively. The District's net OPEB payable obligation amounted to $1,100,438 and $1,112,165 for the years ended December 31, 2017 and 2016, respectively. The District contributed $175,762 and $181,547 in age adjusted contributions for current retiree OPEB premiums for the years ended December 31, 2017 and 2016.

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2017 and the two preceding years are as follows:

		2017	**2016**	**2015**
Annual OPEB expense:				
Annual required contribution (ARC)	$	175,783	173,285	170,859
Interest on net OPEB obligation		66,730	67,943	69,590
Adjustment to annual required contribution		(78,478)	(79,905)	(81,842)
Total annual OPEB expense		164,035	161,323	158,607
Change in net OPEB payable obligation:				
Age adjusted contributions made		(175,762)	(181,547)	(186,059)
Total change in net OPEB payable obligation		(11,727)	(20,224)	(27,452)
OPEB payable – beginning of year		1,112,165	1,132,389	1,159,841
OPEB payable – end of year	$	1,100,438	1,112,165	1,132,389

Funded Status and Funding Progress of the Plan

The most recent valuation (dated December 31, 2015) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of $1,275,542. The covered payroll (annual payroll of active employees covered by the plan) for the years ended December 31, 2017 and 2016, amounted to $1,137,194 and $1,092,709, respectively. The ratio of the unfunded actuarial accrued liability to annual covered payroll is 112.17%.

See the Schedule of Funding Status of the District's Other Post-Employment Benefits Obligation in the Required Supplementary Information Section on page 44.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

(7) Other Post-Employment Benefits Payable, continued

Actuarial Methods and Assumptions, continued

The following is a summary of the actuarial assumptions and methods:

Valuation date	December 31, 2015
Actuarial cost method	Entry age normal cost method
Amortization method	30 year level dollar method
Actuarial assumptions:	
Investment rate of return	6.00%
Projected salary increase	3.00%
Inflation rate	2.75%

(8) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety plans, respectively. Benefit provisions under the Plan are established by State statute and the District's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website or may be obtained from their executive office at 400 P Street, Sacramento, California 95814.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.0% at 60 Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. For employees hired prior to January 1, 2013, who are current members of CalPERS or a reciprocal agency as of December 31, 2012 and have not been separated from service from such agency for more than six months, the retirement benefit is 2.0% @ 60 years of age; highest single year of compensation. All other employees hired after January 1, 2013, are eligible for the District's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

(8) Defined Benefit Pension Plan, continued

Benefits Provided, continued

The District participates in the Plan's miscellaneous risk pool. The provisions and benefits for the Plan's miscellaneous pool in effect at December 31 are summarized as follows:

	Miscellaneous Plan			
	2017		2016	
Hire date	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 60	2.0% @ 62	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates				
Six months ended June 30	6.886%	6.250%	6.880%	6.250%
Six months ended December 31	6.900%	6.250%	6.886%	6.250%
Required employer contribution rates				
Six months ended June 30	7.159%	6.555%	6.709%	6.237%
Six months ended December 31	7.200%	6.533%	7.159%	6.555%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1, following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

As of the fiscal years ended December 31, the contributions recognized as part of pension expense for the Plan was as follows:

	Miscellaneous Plan	
	2017	2016
Contributions – employer	$ 87,395	76,785
Contributions – employee (paid by employer)	55,955	53,505
Total employer paid contributions	$ 143,350	130,290

Net Pension Liability

As of the fiscal years ended December 31 the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	Miscellaneous Plan	
	2017	2016
Proportionate share of net pension liability	$ 628,508	515,576

(8) Defined Benefit Pension Plan, continued

Net Pension Liability, continued

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability for the miscellaneous risk pool. As of the fiscal years ended December 31, 2017 and 2016, the net pension liability of the Plan is measured as of June 30, 2017 and 2016 (the measurement dates), respectively. The total pension liability for the Plan's miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 and 2015 (the valuation dates), rolled forward to June 30, 2017 and 2016, respectively, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for the Plan's miscellaneous risk pool as of the measurement dates June 30, 2017 and 2016, was as follows:

Proportional Share	Miscellaneous Plan
Measurement Date of June 30, 2016 for the year ended December 31, 2016	0.00596%
Measurement Date of June 30, 2017 for the year ended December 31, 2017	0.00634%
Change – Increase (Decrease)	0.00038%

Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended December 31, 2017 and 2016, the District recognized pension expense of $75,807 and $27,145, respectively.

As of December 31, 2017 and 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2017		2016	
Description	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$ 45,279	-	50,005	-
Net differences between actual and expected experience	-	(14,457)	1,898	-
Net changes in assumptions	124,339	-	-	(23,299)
Net differences between actual contribution and proportionate share of contribution	-	(28,367)	-	(22,482)
Net adjustment due to differences in proportions of the net pension liability	16,308	-	-	(36,248)
Net differences between projected and actual earnings on plan investments	30,442	-	121,266	-
Total	$ 216,368	(42,824)	173,169	(82,029)

(8) Defined Benefit Pension Plan, continued

Deferred Outflows/Inflows of Resources Related to Pensions, continued

As of December 31, 2017 and 2016, the District reported $45,279 and 50,005, respectively, as deferred outflows of resources related to pension contributions subsequent to the measurement date June 30, 2017 and 2016, and will be/were recognized as a reduction of the net pension liability for the years ended December 31, 2018 and 2017, respectively.

As of December 31 other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

2017			2016		
Fiscal Year Ending December 31,		Deferred Net Outflows/ (Inflows) of Resources	Fiscal Year Ending December 31,		Deferred Net Outflows/ (Inflows) of Resources
2018	$	13,262	2018	$	(25,694)
2019		81,081	2019		(16,420)
2020		51,984	2020		51,399
2021		(18,062)	2021		31,850
2022		-	2022		-
Thereafter		-	Thereafter		-

Actuarial Assumptions

The total pension liabilities in the June 30, 2016 and 2015, actuarial valuations were determined using the following actuarial assumptions and methods:

Valuation Date	June 30, 2016 and 2015
Measurement Date	June 30, 2017 and 2016
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	7.15% and 7.65%, respectively
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

* The mortality table used above was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 Experience Study report. Further details of the Experience Study can be found on the CalPERS website.

(8) Defined Benefit Pension Plan, continued

Discount Rate

At the measurement dates, December 31, 2017, the discount rate used to measure the total pension liability was lowered from 7.65% to 7.15% for the Plan. The discount rate reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. For the Plan, the crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for PERF C. The crossover test results can be found on CalPERS' website.

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

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

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

As of December 31, 2017, the target allocation and the long-term expected real rate of return by asset class is as follows:

Asset Class	Target Allocation	Real Return Years 1-10	Real Return Year 11+
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0	0.80	2.27
Inflation Sensitive	6.0	0.60	1.39
Private Equity	12.0	6.60	6.63
Real Asset	11.0	2.80	5.21
Infrastructure and Forestland	3.0	3.90	5.36
Liquidity	2.0	(0.40)	(0.90)
Total	100.0%		

(8) Defined Benefit Pension Plan, continued

Discount Rate, continued

As of December 31, 2016, the target allocation and the long-term expected real rate of return by asset class is as follows:

Asset Class	Target Allocation	Real Return Years 1-10	Real Return Year 11+
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	10.0	6.83	6.95
Real Asset	10.0	4.50	5.13
Infrastructure and Forestland	2.0	4.50	5.09
Liquidity	1.0	(0.55)	(1.05)
Total	100.0%		

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

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

As of December 31, 2017, the District's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, is as follows:

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
District's Net Pension Liability	$ 1,072,197	628,508	261,036

As of December 31, 2016, the District's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, is as follows:

	Discount Rate - 1% 6.65%	Current Discount Rate 7.65%	Discount Rate + 1% 8.65%
District's Net Pension Liability	$ 908,089	515,576	191,184

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See pages 42 and 43 for the Required Supplementary Information.

(8) Defined Benefit Pension Plan, continued

Payable to the Pension Plan

At December 31, 2017 and 2016, the District reported $0, respectively, in payables for the outstanding amount of contribution to the pension plan.

(9) Net Position

As of December 31 the calculation of net position is as follows:

		2017	2016
Investment in capital assets:			
Capital assets – not being depreciated	$	532,705	315,553
Capital assets – being depreciated, net		7,338,957	7,745,266
Total investment in capital assets		7,871,662	8,060,819
Unrestricted net position:			
Non-spendable net position:			
Materials and supplies inventory		87,563	89,445
Prepaids		33,920	23,010
Prepaid water rights – current		234,702	212,728
Prepaid water rights – long-term		234,189	234,189
Total non-spendable net position		590,374	559,372
Spendable net position is designated as follows:			
Capital reserve		875,000	875,000
Operating reserve		317,387	317,387
Emergency reserve		200,000	200,000
Unrestricted		820,972	512,070
Total spendable net position		2,213,359	1,907,577
Total unrestricted net position		2,803,733	2,466,949
Total net position	$	10,675,395	10,527,768

(10) Facility and Service Contract Revenue

Water Treatment Services – Baldwin Park Operable Unit (BPOU)

On March 29, 2002, the District entered into the Baldwin Park Operable Unit (BPOU) Project Agreement to address the contamination of groundwater in the San Gabriel Valley Superfund Sites. In the agreement, the United States Environmental Protection Agency (EPA) named certain entities as potentially responsible parties (PRPs) and local water agencies (Water Entities) from which the District is included.

The Water Entities filed lawsuits against the PRPs for costs allegedly incurred in meeting their water supply and distribution needs and for claims for damages allegedly suffered as a result of the involuntary conversion of their property and rights due to contamination of the groundwater and water supply wells in the BPOU area. In the lawsuits, the Water Entities claim a taking of and damage to their property and rights by the PRPs. The PRPs dispute these claims.

(10) Facility and Service Contract Revenue, continued

Water Treatment Services – Baldwin Park Operable Unit (BPOU), continued

While disputing the Water Entities' claims, and without admitting or acknowledging any fault or liability, the PRPs settled the Water Entities' lawsuits and claims by entering into a settlement agreement to fund the reasonable and necessary costs of design, construction, operation, maintenance and management of groundwater extraction, treatment and distribution facilities within the BPOU area. In addition, the PRPs agreed to pay certain other compensation for the purpose of settling the lawsuits brought, claims made, and proceedings initiated (and imminently to be initiated) against the PRPs.

As part of this settlement agreement, the La Puente Valley County Water District received reimbursement for the costs related to the construction of extraction, treatment and distribution facilities. In addition to the reimbursements of these capital costs, the District will receive an amount on an annual basis for reimbursement for operations and maintenance expenses. At December 31, 2017, the District reported water treatment service revenue and related water treatment costs of $1,189,748 and $832,989, respectively. At December 31, 2016, the District reported water treatment service revenue and related water treatment costs of $1,162,397 and $803,003, respectively.

Retail Water Distribution System Management Fee – City of Industry

On March 1, 2004, the District has entered into a 10-year operation and management agreement with the City of Industry wherein the District will operate, maintain and manage the portable water distribution system (the system) owned by the City of Industry. Under the agreement, the District will perform all routine and preventive maintenance and repair of the system's facilities as necessary for the efficient operation of the system. The District will also be responsible for managing contractual arrangements for the exchange of water supplies between the District's water system and the system, and performs all billings, collections, disbursements, accounting and record-keeping functions related to the system.

The system consists of approximately three wells and other production facilities, 30,000 feet of pipeline, three storage tanks and four booster pump stations and other related water storage and distribution facilities.

On October 14, 2010, the agreement was amended to extend the service period to February 28, 2024.

Under terms of the agreement, the District will receive an initial annual management fee of $175,000 per year on a quarterly basis increasing at a rate of 2% per year thereafter. As of December 31, 2017 and 2016, the District reported retail water distribution system management fee revenue of $182,070 and $178,500, respectively.

Water Treatment Project and Services – Puente Valley Operable Unit Intermediate Zone (PVOU IZ)

On October 8, 2014, the District entered into an interim participation agreement with the Puente Basin Water Agency (PBWA) and Northrop Grumman Systems Corporation (Northrop Grumman). In the agreement the United States Environmental Protection Agency (EPA) named Northrop Grumman as a potentially responsible party for the clean-up of groundwater from the Puente Valley Operable Unit Intermediate Zone (PVOU IZ) in the Main San Gabriel Groundwater Basin.

Northrop Grumman shall retain responsibility for managing extraction of the impacted groundwater, satisfying regulatory requirements for remediation, auditing all contracts, and paying all reasonable costs for the remediation of the impacted groundwater. Northrop Grumman has developed plans to remediate the contaminated groundwater through a system comprised of groundwater extraction wells, collection pipelines and construction of a treatment plant for which it will retain the custody of. The District and PBWA have agreed to support and coordinate with Northrop Grumman on necessary permits, government approvals and construction of the Project.

(10) Facility and Service Contract Revenue, continued

Water Treatment Project and Services – Puente Valley Operable Unit Intermediate Zone (PVOU IZ), continued

The end users of the treated groundwater will be the District and the PBWA. However, certain water system improvements are required in order for the District and PBWA to receive the finished water that meets applicable drinking water standards.

The District is responsible for the permitting, designing and constructing of the improvements required for the District to receive water from the treatment plant. This includes interconnections at Hudson Avenue and upgrade of 16-inch interconnection at Industry Hills Pumps Station No. 1 between the District and Industry Public Utilities. These necessary improvements will be reimbursed by Northrop Grumman. As of December 31, 2017, the project is still in its planning phase and construction has not yet begun.

Once construction is complete the District will be responsible for staffing and operating the treatment plant to meet all applicable drinking water standards, as well as for delivering the finished water to end users. All District labor and administrative costs associated with the operation of the Treatment Plant will be reimbursed or paid for within an Operation and Management Fee to be negotiated between Northrop Grumman and the District. As of December 31, 2017, this agreement has not yet been entered into as of the date of these financial statements.

At December 31, 2017 and 2016, the District reported project administrative service revenue of $49,236 and $55,105, respectively.

(11) Rental Revenue

The District owns property adjacent to its District administration building on Main Street in La Puente, California. On March 19, 2014, the District signed an agreement to lease the property site. The term of the agreement calls for monthly payments ranging from $2,688 to $3,507 for the period beginning April 1, 2014 through March 31, 2024. As of December 31, 2017 and 2016, rental revenue collected was $34,988 and $33,969, respectively.

As of December 31, 2017, future minimum rental payments are due as follows:

Fiscal Year Ending December 31	Amount
2018	$ 36,038
2019	37,119
2020	38,233
2021	39,380
2022	40,561
Thereafter	52,300
	$ 243,631

(12) Deferred Compensation Plan

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program) administered by Lincoln Financial. The purpose of this program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseen emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, 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. As of December 31, 2017 and 2016, the market value of all plan assets held in trust by the District plan amounted to $527,748 and $406,160, respectively.

The District has implemented GASB Statement No. 32, Accounting for Financial Reporting for Internal Revenue code Section 457 Deferred Compensation Plans. Since the District has little administrative involvement and does not perform the investing function of this plan, the assets and related liabilities are not shown on the Statements of Net Position.

(13) 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 December 31, 2017, the District participated in the liability, property programs, and workers' compensation 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 $5,000,000 per occurrence. The District has additional excess coverage layers through ACWA/JPIA: $55 million for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.

In addition to the coverage described on the previous page, the District also has the following insurance coverage:

- Employee dishonesty coverage from the ACWA/JPIA provides self-insurance up to $100,000 subject to a $1,000 deductible per loss. The District has purchased excess coverage for an additional $500,000 per loss, subject to a $100,000 deductible. Coverage includes public employee dishonesty, forgery or alteration, computer fraud, and faithful performance.

- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of $150 million per occurrence, subject to a $1,000 deductible per occurrence. Mobile equipment is replaced at actual cash value subject to a $1,000 deductible per occurrence. Scheduled vehicles covered for comprehensive and collision, actual cash value basis subject to $500 deductible per occurrence.

- Boiler and machinery coverage for the replacement cost up to $150 million per occurrence, subject to various deductibles depending on the type of equipment.

- Workers' compensation insurance up to California statutory limits for all work related injuries/illnesses covered by California law. Employer's Liability limit is $2,000,000 each incident.

(13) Risk Management, continued

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending December 31, 2017, 2016, and 2015. 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 December 31, 2017, 2016, and 2015, respectively.

(14) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the report date, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 75

In June 2015, the GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2017. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 83

In November 2016, the GASB issued Statement No. 83 – *Certain Asset Retirement Obligations.* This Statement (1) addresses accounting and financial reporting for certain asset retirement obligations (AROs), (2) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (3) requires that recognition occur when the liability is both incurred and reasonably estimable, (4) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, (5) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually, and (6) and requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 84

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

(14) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

Governmental Accounting Standards Board Statement No. 84, continued

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 85

In March 2017, the GASB issued Statement No. 85 – *Omnibus 2017.* The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 86

In May 2017, the GASB issued Statement No. 86 – *Certain Debt Extinguishment Issues.* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 87

In June 2017, the GASB issued Statement No. 87 – *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

(14) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

Governmental Accounting Standards Board Statement No. 88

In April 2018, the GASB issued Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* The 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.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

(15) Commitments and Contingencies

Water Rights Purchase Commitment

On July 1, 2015, the District entered into an agreement purchase commitment of leased water production rights for water production years 2016, 2017 and 2018. The available water production rights for lease are determined by the Watermaster's Operating Safe Yield, which is typically set in May of each year. The District has agreed to lease the rights at 91% of the price to purchase replenishment water from another governmental agency effective July of each year. The District estimates there will be 335.39 acre-feet of water production rights available for lease at an estimated purchase price of $699.79 per acre-foot.

As of December 31, 2017, the District prepaid for the 2018 water rights as described in note 4. As of December 31, 2017, remaining purchase commitment balance of estimated water production rights for the 2018 water production year is $234,703.

Recycled Water Project

On November 1, 2015, the District entered into a memorandum of understanding (MOU) with Upper San Gabriel Valley Municipal Water District (Upper District), a wholesale provider of recycled water, to facilitate the establishment and expansion of the District’s recycled water service area. The term of this MOU is for 25 years commencing on November 1, 2015 and concluding October 31, 2040. Under the MOU, the District will own, operate and maintain the recycled water assets comprised of a pump station and recycled water lines (Project).

The District is funding the Project in its entirety, supplemented by any and all available financial assistance and grant funding, except for the design phase of the Project which will be completed by the Upper District. In addition, the Upper District will prepare and submit for financial assistance from Metropolitan Water District’s Local Resource Program and grant funding from Proposition 84 to offset the District’s capital cost of the Project. Terms of the agreement call for the District to reimburse Upper District for 50% of the final design cost.

(15) Commitments and Contingencies, continued

Recycled Water Project, continued

Once the recycled water plant is complete, Upper District has agreed to sell recycled water to the District at Upper District's cost from Los Angeles County Sanitation District, plus 80% of Upper District's surcharge, not including the cost of imported water to Upper District.

As of December 31, 2017, the Project is continuing its design phase and is included as part of construction-in-progress.

Construction Contracts

The District has a variety of agreements with private parties relating to the installation, improvement or modification of water 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 advances for construction.

Grant Awards

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

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. Nevertheless, after consultation with legal counsel, the District believes that these actions, when finally concluded and determined, are not likely to have a material adverse effect on the District's financial position, results of operations, or cash flows.

Required Supplementary Information

La Puente Valley County Water District
District's Proportionate Share of the Net Pension Liability – Last Ten Years*
As of December 31, 2017

Description		Measurement Date			
		June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
District's proportion of the net pension liability		0.00634%	0.00596%	0.00490%	0.00673%
District's proportionate share of the net pension liability	$	628,508	515,576	336,132	418,940
District's covered-employee payroll	$	971,214	842,275	878,289	788,280
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		64.71%	61.21%	38.27%	53.15%
Plan's fiduciary net position as a percentage of the total pension liability		80.52%	82.30%	87.57%	83.30%

Notes:

Changes in Benefit Terms – There were no changes in benefit terms for the measurement date June 30, 2017.

Changes of Assumptions – The financial reporting discount rate for the PERF C was lowered from 7.65 percent to 7.15 percent for the measurement date June 30, 2017.

***** The District has presented information for those years for which information is available until a full 10-year trend is compiled.

La Puente Valley County Water District
Pension Plan Contributions – Last Ten Years*
As of December 31, 2017

Description		Fiscal Year June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarially determined contribution	$	81,407	67,743	67,711	76,316
Contributions in relation to the actuarially determined contribution		(83,075)	(69,343)	(71,736)	(203,999)
Contribution deficiency (excess)	$	(1,668)	(1,600)	(4,025)	(127,683)
District's covered payroll	$	971,214	842,275	878,289	788,280
Contribution's as a percentage of covered-employee payroll		8.55%	8.23%	8.17%	25.88%

Notes:

***** The District has presented information for those years for which information is available until a full 10-year trend is compiled.

La Puente Valley County Water District
Funding Status – Other Post-Employment Benefits Obligation
As of December 31, 2017

Schedule of Funding Status - Other Post-Employment Benefits Obligation

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2015	$ 413,524	$ 1,689,066	$ 1,275,542	32.42%	$ 1,137,194	112.17%
12/31/2014	123,569	1,790,825	1,667,256	7.41%	783,130	212.90%
12/31/2013	-	1,554,600	1,554,600	0.00%	751,600	206.84%

Funding progress is presented for the past three years that an actuarial study has been prepared since the effective date of GASB Statement 45. Actuarial review and analysis of the post-employment benefits liability and funding status is performed annually. The next scheduled actuarial review and analysis of the post-employment benefits liability and funding status will be performed in 2018 based on the year ending December 31, 2018.

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Report on Internal Controls and Compliance

Fedak & Brown LLP
Certified Public Accountants

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Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on the Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
La Puente Valley County Water District
La Puente, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the La Puente Valley County Water District (District), which comprise the statement of net position as of December 31, 2017 and 2016, and the related statement of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon date May 14, 2018.

Internal Control Over Financial Reporting

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

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contract 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*.

Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on the Audit of Financial Statements Performed in Accordance with *Government Auditing Standards, continued*

Purpose of this Report

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

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
May 14, 2018

La Puente Valley County Water District

Management Report

December 31, 2017

Fedak & Brown LLP
Certified Public Accountants

La Puente Valley County Water District

Management Report

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Board of Directors
La Puente Valley County Water District
La Puente, California

Dear Members of the Board:

In planning and performing our audit of the financial statements of La Puente Valley County Water District (District) as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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

Our comments, all of which have been discussed with the appropriate members of management, are summarized as follows:

Summary of Current Year Comment and Recommendation

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Summary of Current Year Comment and Recommendation, continued

Disclosure of Audit Adjustments and Reclassifications, continued

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system to close-out the District's year-end trial balance at December 31, 2017.

Summary of Prior Year Comment and Recommendation

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system to close-out the District's year-end trial balance at December 31, 2017.

* * * * * * * * * *

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

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
May 14, 2018

APPENDIX

La Puente Valley County Water District

Audit/Finance Committee Letter

December 31, 2017

Fedak & Brown LLP
Certified Public Accountants

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Board of Directors
La Puente Valley County Water District
La Puente, California

We have audited the financial statements of the La Puente Valley County Water District (the "District") for the year ended December 31, 2017 and 2016 and have issued our report thereon dated May 14, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 13, 2017. Professional standards also require that we communicate to you the following information related to our audits.

Auditor's Responsibility under United States Generally Accepted Auditing Standards

As stated in our Audit Engagement Letter dated December 13, 2017, our responsibility, as described by professional standards, is to express an opinion about whether the basic financial statements prepared by management with oversight of the Governing Board are fairly presented, in all material respects, in conformity with United States generally accepted accounting principles. Our audits of the financial statements do not relieve the Governing Board or management of its responsibilities of oversight in the District's external financial reporting process or any other processes.

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Governmental Auditing Standards.*

We are responsible for communicating significant matters related to the audits that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing requirements previously communicated to management in our engagement letter dated December 13, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

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

We noted no transactions entered into by the District during fiscal year 2017 for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements the proper period.

Management's Judgments, Accounting Estimates and Financial Disclosures

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

Management's estimate of the fair value of cash and investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the other post-employment benefits payable is based on the alternative measurement method to determine the liability balance. This alternative measurement method was determined and prepared by the District's third-party actuary. We evaluated the basis, methods and assumptions used by the actuary to calculate the annual required contribution for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the defined benefit pension plan's: deferred outflows of resources, net pension liability, and deferred inflows of resources are based on an actuarial evaluation of these amounts which was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate these amounts for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

Certain basic financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the basic financial statements were:

The disclosure of fair value of cash and investments in Note 2 to the basic financial statements represents amounts susceptible to market fluctuations.

The disclosure of capital assets, net in Note 5 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of other post-employment benefits, in Note 7 to the basic financial statements is based on information which could differ from those in future periods.

The disclosure of the District's defined benefit pension plan in Note 8 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

The disclosures in the basic financial statements are neutral, consistent and clear.

Corrected and Uncorrected Misstatements

Generally Accepted Auditing Standards require us to accumulate all known and likely misstatements identified during the audit, except those that are considered trivial, and communicate them to the appropriate level of management as follows:

There were seven total adjustments to the original trial balance presented to us to begin our audit. Of the seven adjustments four were prepared by the auditor and three were prepared by the District. We have provided a listing of these audit adjustments to the District's management and have included them at the end of this report.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Difficulties Encountered in Performing the Audit

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

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the basic financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit of the District.

Management Representations

We have requested certain representations from management that are included in the Management Representational Letter to the Auditor dated May 14, 2018.

Restriction on Use

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than the specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

Conclusion

We appreciate the cooperation extended us by Greg Galindo, General Manager, Gina Herrera, Office Manager, and Cindy Byerrum of Platinum Consulting Group, in the performance of our audit testwork.

We will be pleased to respond to any question you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
May 14, 2018

La Puente Valley County Water District
Schedule of Audit Adjusting Journal Entries
December 31, 2017

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
CPE - To 1) add capital asset addition to account 1118-2 for air conditioner board room and 2) dispose assets replaced from listing 3) True-up depreciation expense to actual at June 30, 2017.			
1118-02	General Plant/Office Furniture	5,095.03	
1143-00	Allowance - Pumps/Well	91.76	
1147-00	Allowance - Office	5,000.00	
1118-02	General Plant/Office Furniture		5,000.00
5511-00	Office Expenses		5,095.03
5599-00	Miscellaneous - Admin		91.76
Total		**10,186.79**	**10,186.79**
Adjusting Journal Entries JE # 2			
AJE - To record CIP Developer for Project Del Valle Housing Project activity incurred in 2017 as December 31, 2017.			
1399-00	Construction in Progress	210,130.09	
9199-00	Contributed Capital		210,130.09
Total		**210,130.09**	**210,130.09**
Adjusting Journal Entries JE # 3			
AJE - To remove office sever assets (Computer Main Server 2008 $4,858.66 and "No Description" 10/9/2013 $5,237.01) added in prior years which were replaced with current year addition for December 31, 2017.			
1147-00	Allowance - Office	4,858.66	
1156-00	Accumulated Deprec. -comp hardw	4,451.46	
4993-00	Asset Sales	785.55	
1118-00	Office Server - Asset		5,237.01
1118-02	General Plant/Office Furniture		4,858.66
Total		**10,095.67**	**10,095.67**
Adjusting Journal Entries JE # 4			
CPE - To record RDA apportionment - January 2nd at December 31, 2017.			
1375-00	Taxes Receivable	9,175.55	
4920-00	Taxes & Assessments		9,175.55
Total		**9,175.55**	**9,175.55**
Adjusting Journal Entries JE # 5			
RJE - To reclassify expenses related to vehicle equipment recorded in vehicle expense which related to reimbursement recorded in vehicle equipment account at December 31, 2017.			
5452-00	Equipment Maintenance	2,501.33	
5451-00	Auto/Truck Maintenance		2,501.33
Total		**2,501.33**	**2,501.33**

La Puente Valley County Water District
Schedule of Audit Adjusting Journal Entries
December 31, 2017

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 6			
CPE - To reverse entry #17585 and re-record GASB 68 Implementation for year 3 at December 31, 2017.			
1504-00	Def Out - Assumptions	124,339.00	
1504-00	Def Out - Assumptions	124,339.00	
2501-00	Deferred Inflows - Master Acct	0.71	
2501-00	Deferred Inflows - Master Acct	0.71	
2505-00	Def Inf- change in assumption	23,299.00	
2505-00	Def Inf- change in assumption	23,299.00	
5069-00	GASB 68 EXP (INC)	82,990.07	
8999-00	OPEB Expense - Not Funded	82,990.07	
1466-00	Def Out-Diff in Experience		1,898.43
1466-00	Def Out-Diff in Experience		1,898.43
1468-00	Def Out-ER cont after MD PEPRA		297.01
1468-00	Def Out-ER cont after MD PEPRA		297.01
1469-00	Def Out-ER Cont after M/D class		1,538.12
1469-00	Def Out-ER Cont after M/D class		1,538.12
1470-00	DefOut-ER Cont after MDLump Sum		2,890.94
1470-00	DefOut-ER Cont after MDLump Sum		2,890.94
1503-00	Def Out - Earnings Difference		90,824.08
1503-00	Def Out - Earnings Difference		90,824.08
2500-00	Net Pension Liability		112,932.00
2500-00	Net Pension Liability		112,932.00
2502-00	Def Inflow-Proportions		267.89
2502-00	Def Inflow-Proportions		267.89
2506-00	Def In Diff in Contributions		5,523.31
2506-00	Def In Diff in Contributions		5,523.31
2507-00	Def In - Experience		14,457.00
2507-00	Def In - Experience		14,457.00
Total		**461,257.56**	**461,257.56**
Adjusting Journal Entries JE # 7			
GASB 68 Entry - To adjust 1) deferred outflow difference in actual vs proj contributions for PEPRA Q2 12/31/16 counted twice and related amortization and 2) deferred inflow proportions to deferred outflow proportions for difference in calculation using data from page 7 of June 30, 2016 CalPERS Actuarial at December 31, 2017.			
1505-00	Def Out - Proportions	16,308.00	
2502-00	Def Inflow-Proportions	36,515.00	
2506-00	Def In Diff in Contributions		361.00
5069-00	GASB 68 EXP (INC)		52,462.00
Total		**52,823.00**	**52,823.00**
	Total Adjusting Journal Entries	**756,169.99**	**756,169.99**
	Total All Journal Entries	**756,169.99**	**756,169.99**

Legend:

AJE	Audit Adjusting Journal Entry
CPE	Client Prepared Journal Entry
RJE	Reclassifying Adjusting Journal Entry
GASB 68 Entry	GASB 68 Year 3 Implementation Journal Entry

Upcoming Events

To: Honorable Board of Directors

From: Rosa Ruehlman, Office Administrator RBR

Date: 05/14/2018

Re: Upcoming Board Approved Meetings and Conferences for 2018.

Day/Date	Event	Aguirre	Escalera	Hastings	Hernandez	Rojas
Wednesday, May 16, 2018	SGVWA Quarterly Breakfast at the Pomona Mining Co. at 8:00 am in Pomona.		X			X
Thursday, May 24, 2018	SCWUA Luncheon at 11:30 at the Sheraton at the Pomona Fairplex.	X	X			X
Monday – Thursday, June 11-14, 2018	AWWA Annual Conference and Exposition in Las Vegas, NV.		X	X	X	X
Thursday, June 28, 2018	SCWUA Luncheon at 11:30 at the Sheraton at the Pomona Fairplex.					
Thursday, July 26, 2018	SCWUA Luncheon at 11:30 at the Sheraton at the Pomona Fairplex.					
Tuesday, September 18, 2018	SG Valley Water Forum 2018 at 7:30 – 1:30 pm. Sharaton Fairplex Conference Center in Pomona, CA					
Monday-Thursday, September 24-27, 2018	CSDA 2018 Annual Conference at Indian Wells, CA.					
Wednesday-Friday, October 3-5, 2018	WaterSmart Innovations Conference at South Point Hotel in Las Vegas, NV.					
Monday– Thursday, October 22-25, 2018	AWWA CA/NV 2018 Fall Conference at the Westin Mission Hills, Palm Springs, CA					
Tuesday – Thursday, Nov. 27-30, 2018	ACWA 2018 Fall Conference in San Diego					

SGVWA – San Gabriel Valley Water Association Quarterly Breakfast, are held on the Second Wednesday of February, May, August and November at the Pomona Mining Co. in Pomona, CA. (Dates and location are subject to change).

SCWUA – Southern California Water Utilities Association Luncheons are typically held on the fourth Thursday of each month with the exception of November and December due to the Thanksgiving and Christmas holiday and are held at the Pomona Fairplex in Pomona, CA. (Dates are subject to change)

Board Member Training and Reporting Requirements:

NEXT DUE DATE

Schedule of Future Training and Reporting for 2016	**Aguirre**	**Escalera**	**Hastings**	**Hernandez**	**Rojas**
Ethics 1234 **2 year Requirement**	**11/22/18**	**12/01/18**	**12/01/18**	**10/11/18**	**9/26/19**
Sexual Harassment **2 Year Requirement**	**05/09/19**	**11/28/19**	**05/09/19**	**10/10/18**	**05/09/19**
Form 700 **Annual Requirement**	**04/01/19**	**04/01/19**	**04/01/19**	**04/01/19**	**04/01/19**
Form 470 Short Form **Semi Annual Requirement**	**07/31/18**	**07/31/18**	**07/31/18**	**07/31/18**	**07/31/18**

If you have any questions on the information provided or would like additional information, please contact me at your earliest convenience.

Southern California Water Utilities Association

Established in 1932

Upcoming Event: Thursday, May 24, 2018 11:30 a.m.

Water Loss Auditing 2018 – Are you Prepared?

Presented by Ms. Sue Mosburg, Program Manager at Sweetwater Authority

Sue Mosburg is a Program Manager at Sweetwater Authority with responsibility for the Authority's water use efficiency, employee development and risk management programs.

In addition to her daily work at the Authority, she has been an active member of the American Water Works Association (AWWA) for over 20 years, serving as chair of the CA-NV Section in 2015. Current positions include Director on the AWWA Governing Board, and Chair of the California Water Loss Control Collaborative. In this role, she leads the Section's efforts administering the Water Loss Control Technical Assistance Program (WL TAP), and developing the Water Audit Validator (WAV) Certificate Program.

Sue holds a B.S. in Business Management an A.A. in Speech Communication. She is a certified Water Treatment Operator, Water Distribution Operator, and Water Use Efficiency Practitioner - and recently became one of the first to receive the California Water Audit Validator

What will be discussed…

- *What's next for distribution system water loss auditing?*
- *Which legislation and regulations drive water loss actions?*
- *How can your agency best prepare.*
- *How to better understand, engage and explain this process.*

Date:	**Thursday, May 24, 2018**	**Time:**	**11:30 a.m. to 1:30 p.m.**
Where:	**Pomona Sheraton Fairplex** 601 W McKinley Ave, Pomona	**Cost:**	**$30.00 – payable at the door**

3 Ways to Register	**www.scwua.org**
	Phone: (909) 293-7040
	www.facebook.com/scwua

RSVP:	**By Monday May 21**

Credit card payments are accepted for pre-payment only and the cost is $30 per person + credit card fees.
Credit cards are NOT accepted at the door—only cash or check

SAN GABRIEL VALLEY WATER ASSOCIATION

News Drop

The News Drop is the San Gabriel Valley Water Association's e-newsletter highlighting issues, events, and updates from the San Gabriel Valley Water Association.

MainSanGabrielBasin WATERMASTER

The Main San Gabriel Basin Watermaster (Watermaster) Administrative Committee is preparing to distribute information regarding its annual assessments and Operating Safe Yield (OSY).

In April of each year, the Watermaster Board receives a preliminary recommendation from the Engineer for the coming year's OSY. At its May Board Meeting, Watermaster will take action to adopt the OSY and assessment via Resolution.

Upper San Gabriel Municipal Water District

The **Upper San Gabriel Municipal Water District** (Upper District) Board of Directors voted at their March 20th board meeting *not* to support the **Cadiz Water Project**. To view the agency's board meeting agenda and materials, **click here**.

The San Gabriel Basin Water Quality Authority's (WQA) pumping rights assessment will remain at $10 per acre-foot.

WQA has formally adopted the San Gabriel Basin Groundwater Quality Management and Remediation Plan (406 Plan).

The 406 Plan promotes improvement of groundwater quality in the San Gabriel Basin (Basin) by setting forth: (1) a general process under which the plan shall be developed and implemented; (2) remedial goals; and (3) a restatement of existing regulatory authority governing cleanup within the Basin in addition to requirements set forth by the United States Environmental Protection Agency.

Metropolitan Water District (MWD) Board of Directors, at the April 10th meeting, approved the two-tunnel plan for the **California WaterFix** (WaterFix). The board authorized $10.8 billion for the project.

RIVERS AND MOUNTAINS CONSERVANCY

The San Gabriel & Lower Los Angeles Rivers and Mountains Conservancy (RMC) discussed the Garcia Trail at their March 8th meeting.

The Garcia Trail was destroyed during a fire and there are currently no plans to restore or reopen it. Due to the Trail's popularity, many residents have advocated for its reopening. RMC has plans to develop an Azusa River Wilderness Park; a detailed presentation of those plans will be discussed at the next meeting.

The Association's Legislative Committee convened on Monday, March 26th. The committee discussed both state and federal legislative bills.

STATE LEGISLATIVE UPDATE

AB 2975 **(Friedman) Wild and scenic rivers:** The bill would authorize the Secretary of the Natural Resources Agency to, after holding a public hearing, take any necessary action to add a river or segment of a river to the state wild and scenic river system if the federal government exempts

federal provisions.
Position: Oppose unless amended.

SB 998 **(Dodd) Discontinuation of residential water service: urban and community water systems:** The bill would prohibit an urban and community water system from shutting off residential service for nonpayment until a payment by a customer has been delinquent for at least 60 days, among other provision.
Position: Watch.

"Making Conservation a California Way of Life" **bills** AB 1668 **(Friedman, Hertzberg, skinner),** SB 606 **(Friedman, Hertzberg Skinner):** These bills are vehicles for the implementation of Governor Brown's Executive Order B-37-16 which directed the State Water Board, the Department of Water Resources (DWR), the Department of Food and Agriculture, the Public Utilities Commission (PUC), and the California Energy Commission (CEC) to take actions focusing on using water wisely, eliminating water waste, strengthening local drought resilience, and improving agriculture efficiency and planning.
Position: Watch.

Safe and Affordable Drinking Water Act (consistent with the language in SB 623) is a budget trailer bill that, if enacted, will impose a safe and affordable drinking water fee as outlined below:

- For a customer with a water meter that is less than or equal to one inch in size, the fee shall be ninety-five cents ($0.95) per month;
- For a customer with a water meter that is greater than one inch and less than or equal to two inches in size, the fee shall be four dollars ($4) per month;
- For a customer with a water meter that is greater than two inches and less than or equal to four inches in size, the fee shall by six ($6) per month;
- For a customer with a water meter that is greater than four inches in size, the fee shall be ten dollars ($10) per month;

cents ($.095) per month;

- For a customer that has multiple meters serving a single address, the total fees shall not exceed ten dollars ($10) per month.

Position: Opposed.

To download a copy of the legislative matrix, please **click here**.

FEDERAL LEGISLATIVE UPDATE

FY18 Omnibus Appropriations Bill released: On March 21st, the House/Senate Republican Leadership released the tax for the Omnibus Funding Bill that provides for FY18 end-of-year spending. The $1.3 trillion dollar measure was passed by both houses. Highlights of the FY18 Omnibus spending plan include major increases in water infrastructure funding including:

- Corps of Engineers Investigations;
- Corps of Engineers Construction;
- Bureau of Reclamation Water and Related Resources;
- Bureau of Reclamation Title XVI Water Reuse.

The Water Resources Development Act Reauthorization (WRDA-2018) continues to be on track for passage later this year, with the House draft of the legislation pending release.

Congresswoman Grace Napolitano introduced **H.R. 5127**, the "Water Recycling Investment and Improvement Act" on February 28th. The Act increases Title XVI authorized funding from $50 million to $500 million and makes the program permanent. The Act also provides grants for projects that conserve, manage, reclaim, or reuse water.

The Legislative Committee will reconvene on April 23rd, and every fourth Monday of the month at 10:00 a.m. thereafter (unless otherwise noted).

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matters, please contact Denise Peralta Gailey at
Denise@OstrategiesGroup.com or by phone at (714) 673-0005.