



AGENDA

**REGULAR MEETING OF THE BOARD OF DIRECTORS
LA PUENTE VALLEY COUNTY WATER DISTRICT
112 N. FIRST STREET, LA PUENTE, CALIFORNIA
MONDAY, JUNE 27, 2022 AT 5:30 PM**

TELECONFERENCE ACCESS: Pursuant to Government Code Section 54953, as amended by AB 361, as a precaution to protect staff, our constituents, and elected officials, the La Puente Valley County Water District will hold its Board meeting via teleconference or the most rapid means of communication available at the time.

WEBSITE: WWW.ZOOM.COM

MEETING ID: 864 4670 2476

DIRECT MEETING LINK:

[HTTPS://US02WEB.ZOOM.US/J/86446702476](https://us02web.zoom.us/j/86446702476)

JOIN BY PHONE

PHONE NUMBER: (669) 900-9128

ACCESS CODE: 864 4670 2476#

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL OF BOARD OF DIRECTORS

President Rojas____ Vice President Hernandez____ Director Argudo____

Director Barajas____ Director Escalera____

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 Special Meeting of the Board of Directors held on June 8, 2022.

7. FINANCIAL REPORTS

- A. Summary of the District's Cash and Investments as of May 31, 2022.

Recommendation: Receive and File.

- B. Statement of District's Revenue and Expenses as of May 31, 2022.

Recommendation: Receive and File.

- C. Statement of the Industry Public Utilities Water Operations Revenue and Expenses as of May 31, 2022.

Recommendation: Receive and File.

8. PRESENTATION BY FEDAK & BROWN LLP OF THE DISTRICT'S 2021 AUDITED FINANCIAL REPORT

9. ACTION / DISCUSSION ITEMS

- A. Acceptance of the District's 2021 Audited Financial Report

Recommendation: Receive and File

- B. Consideration of Resolution 282 Proclaiming a State of Emergency Persist, Re-Ratifying the Proclamation of a State of Emergency by Governor Gavin Newsom, and Re-Authorizing Remote Teleconference Meetings of the Board of Directors.

Recommendation: Approve Resolution 282

- C. Discussion on the District's Logo.

Recommendation: Board Discretion

10. OPERATIONS AND MAINTENANCE SUPERINTENDENT'S REPORT

Recommendation: Receive and File

11. TREATMENT AND SUPPLY SUPERINTENDENT'S REPORT

Recommendation: Receive and File

12. GENERAL MANAGER'S REPORT

13. OTHER ITEMS

- A. Upcoming Events.

- B. Information Items.

14. ATTORNEY'S COMMENTS

15. CLOSED SESSION

- A. Conference with legal counsel – Existing Litigation
Subdivision (a) of Government Code Section 54956.9.

Name of Case: *La Puente Valley County Water District v. Jeanette and David Hwang Family Limited Partnership, et al.*, Los Angeles Superior Court Case No. 21STCV24404.

16. CLOSED SESSION REPORT

17. BOARD MEMBER COMMENTS

- A. Report on Events Attended.
- B. Other Comments.

18. FUTURE AGENDA ITEMS

19. ADJOURNMENT

POSTED: Friday, June 24, 2022

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. Roy Frausto, 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 SPECIAL MEETING OF
THE BOARD OF DIRECTORS OF THE
LA PUENTE VALLEY COUNTY WATER DISTRICT
FOR WEDNESDAY, JUNE 08, 2022, AT 4:30 PM**

1. CALL TO ORDER

President Rojas called the meeting to order at 4:30 p.m.

2. PLEDGE OF ALLEGIANCE

President Rojas led the meeting in the Pledge of Allegiance.

3. ROLL CALL OF THE BOARD OF DIRECTORS

President Rojas	Vice President Hernandez	Director Argudo	Director Barajas	Director Escalera
Present Via Teleconference	Present Via Teleconference	Present Via Teleconference	Present Via Teleconference	Present Via Teleconference

OTHERS PRESENT

Staff and Counsel: General Manager & Board Secretary, Roy Frausto; Office Manager, Gina Herrera; Customer Support & Accounting Clerk, Vanessa Koyama; Operations & Maintenance Superintendent, Paul Zampielo; Water Treatment & Supply Superintendent, Cesar Ortiz and District Counsel, James Ciampa all present via teleconference.

Public: No members of the public were present.

4. PUBLIC COMMENTS

No comments from the Public.

5. ADOPTION OF AGENDA

Motion: Adopt Agenda as Presented.

1st: President Rojas

2nd: Vice President Hernandez

	President Rojas	Vice President Hernandez	Director Argudo	Director Barajas	Director Escalera
Vote	Yes	Yes	Yes	Yes	Yes

Motion carried by a vote of: 5 Yes, 0 No, 0 Abstain, 0 Absent.

6. APPROVAL OF CONSENT CALENDAR

Motion: Approve Consent Calendar as Presented.

1st: President Rojas

2nd: Director Barajas

	President Rojas	Vice President Hernandez	Director Argudo	Director Barajas	Director Escalera
Vote	Yes	Yes	Yes	Yes	Yes

Motion carried by a vote of: 5 Yes, 0 No, 0 Abstain, 0 Absent.

7. ACTION / DISCUSSION ITEMS

A. Consideration of the District's 2021 Consumer Confidence Report.

Mr. Frausto gave an overview of the District's 2021 Consumer Confidence Report. The report will be available in both English and Spanish. The postcards, which have the information on how to obtain the report, will be mailed out to all District's customers.

Motion: Approve the District's 2021 Consumer Confidence Report for Distribution to all customers.

1st: Director Escalera

2nd: President Rojas

	President Rojas	Vice President Hernandez	Director Argudo	Director Barajas	Director Escalera
Vote	Yes	Yes	Yes	Yes	Yes

Motion carried by a vote of: 5 Yes, 0 No, 0 Abstain, 0 Absent.

B. Consideration of the Industry Public Utilities' 2021 Consumer Confidence Report.

8. Mr. Frausto gave an overview of the 2021 IPU Consumer Confidence Report. The report will be available in both English and Spanish. The postcards, which have the information on how to obtain the report, will be mailed out to all Industry Public Utility customers.

Motion: Approve the Industry Public Utilities' 2021 Consumer Confidence Report for Distribution to all Customers.

1st: Director Argudo

2nd: Director Barajas

	President Rojas	Vice President Hernandez	Director Argudo	Director Barajas	Director Escalera
Vote	Yes	Yes	Yes	Yes	Yes

Motion carried by a vote of: 5 Yes, 0 No, 0 Abstain, 0 Absent

9. OTHER ITEMS

A. Upcoming Events

Mrs. Herrera announced that La Puente Park was having a grand opening ceremony on Sunday, June 26, 2022.

B. Information Items.

Included in the Board Packet.

10. ATTORNEY'S COMMENTS

Mr. Ciampa reported that regarding the Huang Litigation, the settlement agreement has been accepted and approved by Mr. Hwang's Attorney and he is just waiting on signatures.

11. ADJOURNMENT

President Rojas adjourned the meeting at 4:42 p.m.

Attest:

William R. Rojas, Board President

Roy Frausto, Board Secretary



Summary of Cash and Investments

May 2022

La Puente Valley County Water District

Investments	(Apportionment Rate)	Beginning Balance	Receipts/ Change in Value	Disbursements/ Change in Value	Ending Balance
Local Agency Investment Fund	0.684%	\$ 2,983,851.90	\$ -	\$ -	\$ 2,983,851.90
Checking Account					
Well Fargo Checking Account (per General Ledger)		\$ 1,879,301.16	\$ 499,430.92	\$ 348,797.70	\$ 2,029,934.38
District's Total Cash and Investments:					<u>\$ 5,013,786.28</u>

Industry Public Utilities

Checking Account	Beginning Balance	Receipts	Disbursements	Ending Balance
Well Fargo Checking Account (per General Ledger)	\$ 1,284,002.79	\$ 143,578.52	\$ 177,067.90	\$ 1,250,513.41
IPU's Total Cash and Investments:				<u>\$ 1,250,513.41</u>

I certify that; (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy as set forth in Resolution No. 237 and, (2) the District will meet its expenditure obligations for the next six (6) months.

Roy Frausto

Roy Frausto

, General Manager

Date: June 17, 2022



La Puente Valley County Water District

Statement of Revenues & Expenses Summary

For the Period Ending May 31, 2022
(Unaudited)

	LPVCWD		TP			
	YTD 2022	YTD 2022	YTD 2022	BUDGET 2022	42% OF BUDGET	YEAR-END 2021
Revenues						
Operational Rate Revenues	\$ 954,424	\$ -	\$ 954,424	\$ 2,681,100	36%	\$ 2,528,399
Operational Non-Rate Revenues	460,082	648,572	1,108,654	2,701,100	41%	2,631,760
Non-Operational Revenues	135,363	-	135,363	376,000	36%	554,923
Total Revenues	1,549,868	648,572	2,198,440	5,758,200	38%	5,715,082
Expense						
Salaries & Benefits	761,497	145,748	907,245	2,283,200	40%	2,065,908
Supply & Treatment	152,164	426,471	578,635	2,078,400	28%	2,031,310
Other Operating Expenses	73,420	69,513	142,933	409,000	35%	355,349
General & Administrative	116,900	6,840	123,740	434,000	29%	346,257
Total Expense	1,103,981	648,572	1,752,553	5,204,600	34%	4,798,825
Net Income from Operations	445,888	-	445,888	553,600		916,257
Less: Capital Expenses	(289,938)	-	(289,938)	(3,285,700)	9%	(1,298,808)
Net Income After Capital	155,950	-	155,950	(2,732,100)	-6%	(382,551)
Capital Reimbursement (OU Projects)	-	-	-	658,300	N/A	206,096
Grant Revenues	-	-	-	300,000	N/A	-
Loan Proceeds	-	-	-	-	N/A	1,510,461
Loan Payment (Interest & Principal)	(154,235)	-	(154,235)	(198,600)	78%	(111,903)
Change in Cash	1,714	-	1,714	(1,972,400)		1,222,103
Contributed Capital (Developer)	-	-	-	-	N/A	70,825
Add: Capital Assets (District-Funded)	289,938	-	289,938	2,327,400	12%	1,092,712
Add: Debt Principal	114,638	-	114,638	117,200	98%	57,313
Less: Loan Proceeds	-	-	-	-	N/A	(1,607,724)
Less: Depreciation Expense	(177,083)	(43,750)	(220,833)	(530,000)	42%	(422,416)
Less: OPEB & Pension Expense	-	-	-	-	N/A	-
Net Income / (Loss)	\$ 229,207	\$ (43,750)	\$ 185,457	\$ (57,800)		\$ 412,814

*No assurance provided on these financial statements. These financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the United States not included.



La Puente Valley County Water District

Statement of Revenues & Expenses

For the Period Ending May 31, 2022

(Unaudited)

	May 2022	YTD 2022	BUDGET 2022	42% OF BUDGET	YEAR-END 2021
Operational Rate Revenues					
Water Sales	\$ 93,717	\$ 544,395	\$ 1,708,200	32%	\$ 1,609,408
Service Charges	63,553	343,287	839,400	41%	791,069
Surplus Sales	6,280	30,393	50,000	61%	50,785
Customer Charges	3,814	10,813	10,000	108%	7,261
Fire Service	1,234	25,413	73,000	35%	68,884
Miscellaneous Income (Cust. Charges)	-	124	500	25%	992
Total Operational Rate Revenues	168,598	954,424	2,681,100	36%	2,528,399
Operational Non-Rate Revenues					
Management Fees	-	131,437	317,200	41%	365,419
PVOU Service Fees (Labor)	-	16,347	150,000	11%	29,764
BPOU Service Fees (Labor)	26,988	145,748	319,800	46%	313,800
IPU Service Fees (Labor)	61,457	312,298	777,500	40%	736,647
Other O&M Fees	-	-	10,000	0%	12,748
Total Operational Non-Rate Revenues	88,445	605,830	1,574,500	38%	1,458,378
Non-Operational Revenues					
Taxes & Assessments	24,286	114,632	320,000	36%	321,192
Rental Revenue	3,405	16,727	40,000	42%	42,204
Interest Revenue	-	2,350	10,000	23%	9,205
Market Value Adjustment	-	-	-	N/A	(14,371)
Miscellaneous Income	(620)	635	6,000	11%	17,022
Developer Fees	-	1,019	-	N/A	179,671
Total Non-Operational Revenues	27,071	135,363	376,000	36%	554,923
Total Revenues	284,114	1,695,616	4,631,600	37%	4,541,699
Salaries & Benefits					
Total District Wide Labor	110,825	581,713	1,350,000	43%	1,248,844
Directors Fees & Benefits	7,635	33,346	115,000	29%	73,461
Benefits	24,607	134,776	330,000	41%	305,463
OPEB Payments	8,139	30,282	55,000	55%	77,225
OPEB Trust Contributions	-	25,000	100,000	25%	100,000
Payroll Taxes	8,720	46,991	106,700	44%	98,357
CalPERS Retirement (Normal Costs)	4,265	55,138	158,000	35%	132,146
CalPERS Unfunded Accrued Liability	-	-	68,500	0%	30,413
Total Salaries & Benefits	164,191	907,245	2,283,200	40%	2,065,908
District Salaries & Benefits (Informational Only)					
Less: Labor Service Revenue	(88,445)	(474,393)	(1,247,300)	38%	(1,080,211)
Net District Salaries & Benefits	75,746	432,853	1,035,900	42%	985,697

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La Puente Valley County Water District

Statement of Revenues & Expenses

For the Period Ending May 31, 2022

(Unaudited)

	May 2022	YTD 2022	BUDGET 2022	42% OF BUDGET	YEAR-END 2021
Supply & Treatment					
Purchased & Leased Water	349	37,171	551,500	7%	468,527
Power	14,427	68,982	200,000	34%	174,166
Assessments	-	-	333,300	0%	335,711
Treatment	263	1,045	6,000	17%	3,014
Well & Pump Maintenance	16,300	44,966	40,000	112%	18,842
Total Supply & Treatment	31,339	152,164	1,130,800	13%	1,000,260
Other Operating Expenses					
General Plant	1,267	9,524	35,000	27%	30,580
Transmission & Distribution	2,112	12,496	80,000	16%	102,962
Vehicles & Equipment	3,216	22,811	25,000	91%	25,002
Field Support & Other Expenses	1,744	25,047	60,000	42%	41,334
Regulatory Compliance	893	3,542	50,000	7%	30,890
Total Other Operating Expenses	9,232	73,420	250,000	29%	230,767
General & Administrative					
District Office Expenses	7,355	29,973	45,000	67%	36,759
Customer Accounts	2,643	13,862	32,000	43%	29,846
Insurance	-	4,753	82,000	6%	71,916
Professional Services	6,324	37,017	115,000	32%	131,625
Training & Certification	3,492	9,194	45,000	20%	9,223
Public Outreach & Conservation	1,934	11,101	30,000	37%	14,188
Other Administrative Expenses	1,341	11,001	65,000	17%	34,949
Total General & Administrative	23,090	116,900	414,000	28%	328,506
Total Expense	227,851	1,249,729	4,078,000	31%	3,625,442
Net Income from Operations	56,263	445,888	553,600	81%	916,257
Capital Expenses					
Fire Hydrant Repair/Replacements	(6,470)	(6,470)	(23,000)	28%	(11,619)
Service Line Replacements	-	-	(45,000)	0%	(53,238)
Valve Replacements	-	(49)	(25,000)	0%	(5,547)
Meter Replacement / Reading Equipment	-	(1,715)	(25,000)	7%	(9,295)
SCADA Improvements	-	(2,800)	(30,000)	9%	(93,593)
Hudson Ave Pumping Improvements	-	(1,314)	(552,700)	0%	(47,042)
LP CIWS Interconnection (Ind. Hills)	-	-	(65,000)	0%	(9,054)
Nitrate Treatment System	(29,594)	(276,307)	(2,060,000)	13%	(1,019,990)
Recycled Water System - Phase 1	-	(1,282)	(300,000)	0%	(49,431)
Dump Truck	-	-	(150,000)	0%	-

*No assurance provided on these financial statements. These financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the United States not included.



La Puente Valley County Water District

Statement of Revenues & Expenses

For the Period Ending May 31, 2022

(Unaudited)

	May 2022	YTD 2022	BUDGET 2022	42% OF BUDGET	YEAR-END 2021
Other Field Equipment	-	-	(10,000)	0%	-
Total Capital Expenses	(36,063)	(289,938)	(3,285,700)	9%	(1,298,808)
Net Income / (Loss) After Capital	20,200	155,950	(2,732,100)	-6%	(382,551)
Funding & Debt Payments					
Capital Reimbursement (OU Projects)	-	-	658,300	0%	206,096
Grant Revenues	-	-	300,000	0%	-
Loan Proceeds	-	-	-	N/A	1,510,461
Loan Payment - Interest	-	(39,597)	(81,400)	49%	(54,590)
Loan Payment - Principal	-	(114,638)	(117,200)	98%	(57,313)
Cash Increase / (Decrease)	20,200	1,714	(1,972,400)		1,222,103
Contributed Capital	-	-	-	N/A	70,825
Add: Capitalized Assets (District-Funded)	36,063	289,938	2,327,400	12%	1,092,712
Add: Debt Principal	-	114,638	117,200	98%	57,313
Less: Loan Proceeds	-	-	-	N/A	(1,510,461)
Less: Depreciation Expense	(35,417)	(177,083)	(425,000)	42%	(422,416)
Less: Pension Expense	-	-	-	N/A	-
Less: OPEB Expense	-	-	-	N/A	-
Net Income / (Loss)	\$ 20,847	\$ 229,207	\$ 47,200		\$ 510,076

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LPVCWD Treatment Plant

Statement of Revenues & Expenses

For the Period Ending May 31, 2022
(Unaudited)

	May 2022	YTD 2022	BUDGET 2022	42% OF BUDGET	YEAR-END 2021
Operational Non-Rate Revenues					
Reimbursements from CR's	48,820	502,824	\$ 1,446,400	35%	1,173,382
Miscellaneous Income	-	-	-	N/A	-
Total Operational Non-Rate Revenues	48,820	502,824	1,446,400	35%	1,173,382
Labor & Benefits					
BPOU TP Labor	26,988	145,748	319,800	46%	313,800
Total Labor & Benefits	26,988	145,748	319,800	46%	313,800
Supply & Treatment					
NDMA, 1,4-Dioxane Treatment	7,724	89,506	212,200	42%	242,642
VOC Treatment	689	1,502	20,600	7%	46,863
Perchlorate Treatment	3,118	132,868	389,000	34%	353,153
Other Chemicals	-	3,708	57,300	6%	20,835
Treatment Plant Power	23,090	114,083	220,500	52%	272,168
Treatment Plant Maintenance	2,577	51,820	48,000	108%	92,238
Well & Pump Maintenance	-	32,985	-	N/A	3,150
Total Supply & Treatment	37,198	426,471	947,600	45%	1,031,050
Other Operating Expenses					
Contract Labor	-	-	20,000	0%	-
General Plant	1,643	17,105	15,000	114%	27,798
Transmission & Distribution	-	-	-	N/A	8,838
Vehicles & Equipment	922	4,960	13,000	38%	10,637
Field Support & Other Expenses	-	-	-	N/A	-
Regulatory Compliance	4,945	47,449	111,000	43%	77,308
Total Other Operating Expenses	7,510	69,513	159,000	44%	124,582
General & Administrative					
District Office Expenses	-	-	2,500	0%	-
Insurance	-	-	10,000	0%	10,544
Professional Services	4,113	6,840	7,500	91%	7,207
Total General & Administrative	4,113	6,840	20,000	34%	17,751
Total Expense	75,809	648,572	1,446,400	45%	1,487,182
Total Expense (excluding Labor)	48,820	502,824	1,126,600	45%	1,173,382
Operational Net Income	-	-	-		-
Less: Depreciation Expense	(8,750)	(43,750)	(105,000)	42%	(97,263)
Net Income / (Loss)	\$ (8,750)	\$ (43,750)	\$ (105,000)	42%	\$ (97,263)

(1) The labor expense depicted here is the amount of labor billed to the BPOU in which the District receives reimbursement which is shown on Table 1.5 in operational non-rate revenue (BPOU Service Fees).

*No assurance provided on these financial statements. These financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the United States not included.

INDUSTRY PUBLIC UTILITIES - WATER OPERATIONS

Statement of Revenue and Expenses Summary

For the Period Ending May 31, 2022

(Unaudited)

	May 2022	FISCAL YTD 2021-22	BUDGET 2021-22	92% OF BUDGET	YEAR END FY 2020-21
REVENUE					
Operational Revenue	\$ 224,321	\$ 1,869,458	\$ 1,866,000	100%	\$ 1,929,343
Non-Operational Revenue	-	34,718	52,500	66%	66,099
TOTAL REVENUES	224,321	1,904,175	1,918,500	99%	1,995,442
EXPENSE					
Salaries & Benefits	61,457	676,012	719,000	94%	666,422
Supply & Treatment	23,647	225,784	909,300	25%	832,904
Other Operating Expense	33,379	155,605	254,000	61%	195,214
General & Administrative	6,965	255,980	366,600	70%	283,775
System Improvements & Miscellaneous	-	68,212	102,500	67%	135,802
TOTAL EXPENSE	125,448	1,381,592	2,351,400	59%	2,114,117
NET INCOME / (LOSS)	98,873	522,583	(432,900)	-121%	(118,675)

INDUSTRY PUBLIC UTILITIES - WATER OPERATIONS

Statement of Revenue and Expenses

For the Period Ending May 31, 2022

(Unaudited)

	May 2022	FISCAL YTD 2021-22	BUDGET 2021-22	92% OF BUDGET	YEAR END FY 2020-21
Operational Revenues					
Water Sales	\$ 140,366	\$ 1,150,556	\$ 1,150,000	100%	\$ 1,202,198
Service Charges	62,049	587,409	610,000	96%	619,862
Customer Charges	3,486	12,964	3,000	432%	3,005
Fire Service	18,421	118,528	103,000	115%	104,277
<i>Total Operational Revenues</i>	224,321	1,869,458	1,866,000	100%	1,929,343
Non-Operational Revenues					
Contamination Reimbursement	-	34,718	50,000	69%	55,276
Developer Fees	-	-	2,500	0%	10,823
<i>Total Non-Operational Revenues</i>	-	34,718	52,500	66%	66,099
TOTAL REVENUES	224,321	1,904,175	1,918,500	99%	1,995,442
Salaries & Benefits					
Administrative Salaries	21,859	220,876	221,000	100%	214,069
Field Salaries	20,112	231,128	243,000	95%	218,119
Employee Benefits	11,067	126,599	145,000	87%	131,105
Pension Plan	5,592	63,410	72,000	88%	67,955
Payroll Taxes	2,827	30,596	31,000	99%	29,228
Workers Compensation	-	3,403	7,000	49%	5,946
<i>Total Salaries & Benefits</i>	61,457	676,012	719,000	94%	666,422
Supply & Treatment					
Purchased Water - Leased	-	-	399,100	0%	375,508
Purchased Water - Other	1,101	12,796	20,000	64%	15,064
Power	14,241	180,299	170,000	106%	150,405
Assessments	-	13,236	283,200	5%	278,882
Treatment	-	-	7,000	0%	5,233
Well & Pump Maintenance	8,305	19,453	30,000	65%	7,812
<i>Total Supply & Treatment</i>	23,647	225,784	909,300	25%	832,904
Other Operating Expenses					
General Plant	151	5,661	55,000	10%	5,707
Transmission & Distribution	31,171	74,619	85,000	88%	91,588
Vehicles & Equipment	-	17,460	36,000	48%	30,533
Field Support & Other Expenses	1,023	32,209	40,000	81%	33,329
Regulatory Compliance	1,034	25,656	38,000	68%	34,056
<i>Total Other Operating Expenses</i>	33,379	155,605	254,000	61%	195,214

INDUSTRY PUBLIC UTILITIES - WATER OPERATIONS

Statement of Revenue and Expenses

For the Period Ending May 31, 2022

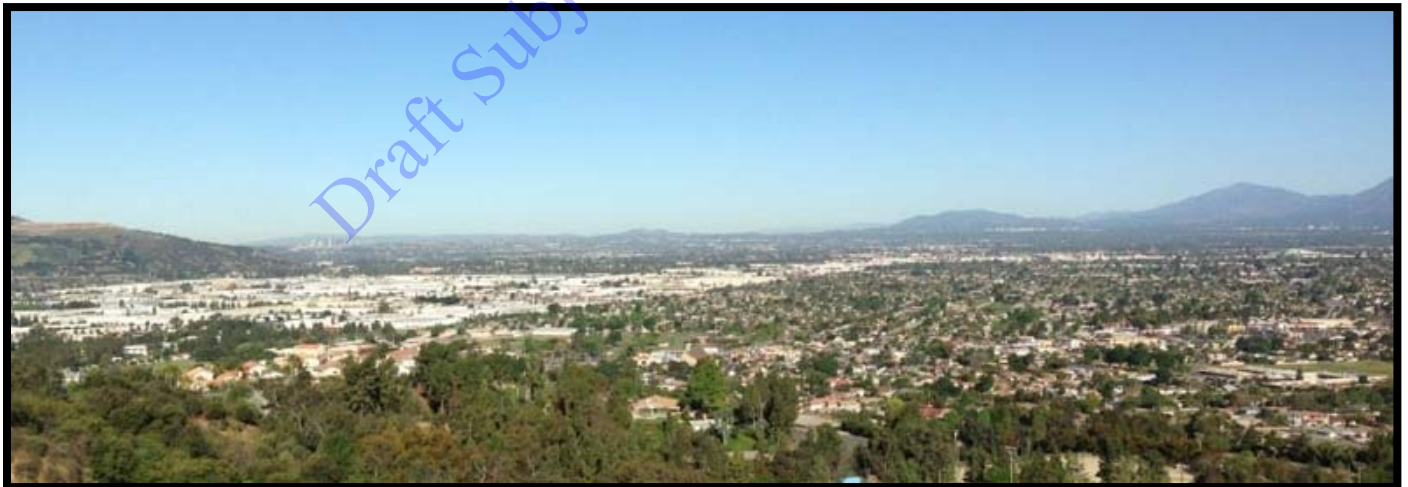
(Unaudited)

	May 2022	FISCAL YTD 2021-22	BUDGET 2021-22	92% OF BUDGET	YEAR END FY 2020-21
General & Administrative					
Management Fee	-	148,794	199,100	75%	195,146
Office Expenses	4,402	24,928	30,000	83%	21,646
Insurance	-	10,517	17,500	60%	15,978
Professional Services	150	26,178	70,000	37%	21,636
Customer Accounts	1,516	23,354	30,000	78%	24,864
Public Outreach & Conservation	726	16,393	15,000	109%	195
Other Administrative Expenses	171	5,815	5,000	116%	4,311
<i>Total General & Administrative</i>	6,965	255,980	366,600	70%	283,775
Other Exp. & System Improvements (Water Ops Fund)					
Fire Hydrant Repair/Replace	-	24,566	6,500	378%	3,562
Service Line Replacements	-	15,300	30,000	51%	51,825
Valve Replacements & Installations	-	39	19,000	0%	15,570
Meter Read Collection System	-	-	12,000	0%	11,260
SCADA Improvements	-	19,499	10,000	195%	14,014
Water Rate Study	-	6,088	-	N/A	4,800
Groundwater Treatment Facility Feas. Study	-	2,720	25,000	11%	34,770
<i>Total Other & System Improvements</i>	-	68,212	102,500	67%	135,802
TOTAL EXPENSES	125,448	1,381,592	2,351,400	59%	2,114,117
NET INCOME / (LOSS)	98,873	522,583	(432,900)		(118,675)



**La Puente Valley County Water District
Annual Financial Report**

For the Fiscal Years Ended December 31, 2021 and 2020



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, 2021

Name	Title	Elected/ Appointed	Current Term
William R. Rojas	President	Elected	November 2024
Henry P. Hernandez	Vice President	Elected	November 2022
David Argudo	Director	Elected	November 2024
John P. Escalera	Director	Elected	November 2022
Cesar J. Barajas	Director	Elected	November 2022

**La Puente Valley County Water District
Roy Frausto, 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, 2021 and 2020

Draft Subject to Board Approval

**La Puente Valley County Water District
Annual Financial Report
For the Fiscal Years Ended December 31, 2021 and 2020**

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Financial Section

Draft Subject to Board Approval

Draft Subject to Board Approval

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the La Puente Valley County Water District (District), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, as of December 31, 2021 and 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Independent Auditor's Report, continued

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audits.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audits 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 District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control–related matters that we identified during the audits.

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 4 through 9 and required supplementary information on pages 49 through 52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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 our report dated June 27, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance. This report can be found on pages 53 and 54.

Fedak & Brown LLP
Cypress, California
June 27, 2022

La Puente Valley County Water District
Management's Discussion and Analysis
For the Fiscal Years Ended December 31, 2021 and 2020

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, 2021 and 2020. 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 2021, the District's net position increased 7.43% or \$842,630 to \$12,181,993 as a result of ongoing operations. In fiscal year 2020, the District's net position increased 0.56% or \$63,094 to \$11,339,363 as a result of ongoing operations.
- In fiscal year 2021, the District's total revenues increased 6.09% or \$317,595 to \$5,535,760. In fiscal year 2020, the District's total revenues increased 10.38% or \$490,769 to \$5,218,165.
- In fiscal year 2021, the District's total expenses decreased 3.82% or \$204,711 to \$5,149,723. In fiscal year 2020, the District's total expenses increased 8.32% or \$411,300 to \$5,354,434.
- In fiscal year 2021, the District's capital contributions increased 129.03% or \$257,230 to \$456,593. In fiscal year 2020, the District's capital contributions decreased 59.47% or \$292,530 to \$199,363.

Required Financial Statements

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

The Statement of Net Position includes 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 Statement 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 Statement of Cash Flows, which provide information about the District's cash receipts and cash payments during the reporting periods. The Statement 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 provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

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.

La Puente Valley County Water District
Management's Discussion and Analysis
For the Fiscal Years Ended December 31, 2021 and 2020

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 (assets and 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 15 through 48.

Statements of Net Position

Condensed Statements of Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2019</u>	<u>Change</u>
Assets:					
Current assets	\$ 6,290,922	4,828,165	1,462,757	4,795,869	32,296
Non-current assets	147,526	208,770	(61,244)	222,470	(13,700)
Capital assets, net	10,725,182	9,895,120	830,062	8,213,428	1,681,692
Total assets	<u>17,163,630</u>	<u>14,932,055</u>	<u>2,231,575</u>	<u>12,700,480</u>	<u>(10,468,905)</u>
Deferred outflows of resources	<u>1,580,084</u>	<u>1,739,071</u>	<u>(158,987)</u>	<u>216,368</u>	<u>1,522,703</u>
Liabilities:					
Current liabilities	827,204	628,548	198,656	500,886	127,662
Non-current liabilities	4,996,214	4,115,822	880,392	1,703,572	2,412,250
Total liabilities	<u>5,823,418</u>	<u>4,744,370</u>	<u>1,079,048</u>	<u>2,204,458</u>	<u>2,539,912</u>
Deferred inflows of resources	<u>738,303</u>	<u>587,393</u>	<u>150,910</u>	<u>41,944</u>	<u>545,449</u>
Net position:					
Investment in capital assets	10,725,182	9,895,120	830,062	8,213,428	1,681,692
Unrestricted	1,456,811	1,444,243	12,568	3,062,841	(1,618,598)
Total net position	<u>\$ 12,181,993</u>	<u>11,339,363</u>	<u>842,630</u>	<u>11,276,269</u>	<u>63,094</u>

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 \$12,181,993 and \$11,339,363 as of December 31, 2021 and 2020, respectively.

A portion of the District's net position, 88.04% and 87.26% as of December 31, 2021 and 2020, 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 years 2021 and 2020, the District showed a positive balance in its unrestricted net position of \$1,456,811 and \$1,444,243, respectively. See note 10 for further information.

La Puente Valley County Water District
Management's Discussion and Analysis
For the Fiscal Years Ended December 31, 2021 and 2020

Statements of Revenues, Expenses, and Changes in Net Position

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

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2019</u>	<u>Change</u>
Revenues:					
Operating revenues	\$ 5,160,511	4,828,829	331,682	4,295,517	533,312
Non-operating revenues	<u>375,249</u>	<u>389,336</u>	<u>(14,087)</u>	<u>431,879</u>	<u>(42,543)</u>
Total revenues	<u>5,535,760</u>	<u>5,218,165</u>	<u>317,595</u>	<u>4,727,396</u>	<u>490,769</u>
Expenses:					
Operating expenses	4,564,859	4,798,527	(233,668)	4,428,516	370,011
Non-operating expense	65,185	37,781	27,404	-	37,781
Depreciation expense	<u>519,679</u>	<u>518,126</u>	<u>1,553</u>	<u>514,618</u>	<u>3,508</u>
Total expenses	<u>5,149,723</u>	<u>5,354,434</u>	<u>(204,711)</u>	<u>4,943,134</u>	<u>411,300</u>
Net loss before capital contributions	386,037	(136,269)	522,306	(215,738)	79,469
Capital contributions	<u>456,593</u>	<u>199,363</u>	<u>257,230</u>	<u>491,893</u>	<u>(292,530)</u>
Change in net position	842,630	63,094	779,536	276,155	(213,061)
Net position, beginning of year	<u>11,339,363</u>	<u>11,276,269</u>	<u>63,094</u>	<u>11,000,114</u>	<u>276,155</u>
Net position, end of year	<u>\$ 12,181,993</u>	<u>11,339,363</u>	<u>842,630</u>	<u>11,276,269</u>	<u>63,094</u>

The Statements of Revenues, Expenses, and Changes in Net Position show how the District's net position changed during the year. In the case of the District, net position increased 7.43% or \$842,630 to \$12,181,993 due to an increase of \$386,037 from ongoing operations and by \$456,593 in capital contributions for the current year. In fiscal year 2020, the District's net position increased 0.56% or \$63,094 to \$11,339,363 due to a decrease of \$136,269 from ongoing operations offset by \$199,363 in capital contributions in 2020.

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

The District's total revenues increased 6.09% or \$317,595 to \$5,535,760. In fiscal year 2020, the District's total revenues increased 10.38% or \$490,769 to \$5,218,165 from 2019.

The District's operating revenues increased 6.87% or \$331,682 to \$5,160,511, due primarily to increases of \$126,106 in water consumption sales, \$122,802 in water treatment services – Baldwin Park Operable Unit (BPOU), \$62,687 in bi-monthly service charges, \$59,271 in retail water distribution system contracted labor – City of Industry, \$34,178 in project administrative services – Puente Valley Operable Unit Intermediate Zone (PVOU IZ), and \$21,780 in project contracted labor (PVOU IZ), which were offset by a decrease of \$107,500 in project management fees (PVOU IZ) as compared to prior year. In fiscal year 2020, the District's operating revenues increased 12.42% or \$533,312 to \$4,828,829, due primarily to increases of \$168,454 in water treatment services – Baldwin Park Operable Unit (BPOU), \$161,250 in project management fees – Puente Valley Operable Unit Intermediate Zone, \$155,587 in water consumption sales, \$56,731 in bi-monthly service charges and \$18,344 in water treatment contracted labor (BPOU), which were offset by decreases of \$24,454 in other water service charges as compared to prior year.

La Puente Valley County Water District
Management's Discussion and Analysis
For the Fiscal Years Ended December 31, 2021 and 2020

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

The District's non-operating revenues decreased 3.62% or \$14,087 to \$375,249, due primarily to decreases of \$38,403 in investment earnings and \$13,273 in other non-operating revenues, which were offset by an increase of \$30,700 in property taxes as compared to prior year. In fiscal year 2020, the District's non-operating revenues decreased 9.85% or \$42,543 to \$389,336, due primarily to a decrease of \$50,513 in investment earnings offset by an increase of \$10,635 in other non-operating revenues as compared to prior year.

The District's total expenses decreased 3.82% or \$204,711 to \$5,149,723. In fiscal year 2020, the District's total expenses increased 8.32% or \$411,300 to \$5,354,434.

The District's operating expenses decreased 4.87% or \$233,668 to \$4,564,859, due primarily to a decrease of \$534,208 in salaries and benefits due primarily to the adjustments for GASB 68 and 75 in the current fiscal year, offset by increases of \$135,018 in water treatment service costs (BPOU), \$58,919 in retail water distribution system contracted labor costs – City of Industry, \$46,027 in transmission and distribution costs, \$31,093 in assessments, \$21,780 in project contracted labor costs (PVOU IZ) as compared to the prior year. In fiscal year 2020, the District's operating expenses increased 8.36% or \$370,011 to \$4,798,527, due primarily to increases of \$198,281 in salaries and benefits due primarily to the adjustments for GASB 68 and 75 in the current fiscal year, \$171,247 in water treatment service costs (BPOU), \$58,106 in assessments, \$30,468 in general and administrative expenses, and \$18,344 in water treatment contracted labor costs (BPOU), which were offset by decreases of \$57,940 in pumping costs and \$44,901 in transmission and distribution costs as compared to the prior year.

The District's non-operating expenses increased 72.53% or \$27,404 to \$65,185, due to increases of \$27,809 in interest expense and , and \$10,595 in loss from disposition of assets, which were offset by a decrease of \$11,000 in debt issuance costs incurred in the prior year. In fiscal year 2020, the District's non-operating expenses increased 100.00% or \$37,781, due to increases of \$26,781 in interest expense and \$11,000 in debt issuance costs from the acquisition of the OPUS Bank installment loan as compared to the prior year.

The District's depreciation expense increased 0.30% or \$1,553 to \$519,679 due primarily to prior year's asset additions offset by the maturing of existing capital assets. In fiscal year 2020, the District's depreciation expense increased 0.68% or \$3,508 to \$518,126 due primarily to prior year's asset additions offset by the maturing of existing capital assets.

The District's capital contributions increased 129.03% or \$257,230 to \$456,593, due primarily to increases of \$153,725 in developer fees and \$103,505 in capital contributions from developers as compared to the prior year. In fiscal year 2020, the District's capital contributions decreased 59.47% or \$292,530 to \$199,363, due primarily to a decrease of \$296,775 in capital contributions from developers as compared to the prior year.

La Puente Valley County Water District
Management's Discussion and Analysis
For the Fiscal Years Ended December 31, 2021 and 2020

Capital Asset Administration

At the end of fiscal years 2021 and 2020, the District's investment in capital assets amounted to \$10,725,182 and \$9,895,120 (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 2021, were as follows:

	Balance 2020	Transfers/ Additions	Transfers/ Deletions	Balance 2021
Capital assets:				
Non-depreciable assets	\$ 2,476,677	1,360,338	(91,682)	3,745,333
Depreciable assets	25,340,328	81,087	(113,749)	25,307,666
Accumulated depreciation	<u>(17,921,885)</u>	<u>(519,679)</u>	<u>113,747</u>	<u>(18,327,817)</u>
Total capital assets, net	<u>\$ 9,895,120</u>	<u>921,746</u>	<u>(91,684)</u>	<u>10,725,182</u>

Changes in capital asset amounts for 2020, were as follows:

	Balance 2019	Additions	Transfers/ Deletions	Balance 2020
Capital assets:				
Non-depreciable assets	\$ 584,271	2,199,816	(307,410)	2,476,677
Depreciable assets	25,212,123	307,411	(179,206)	25,340,328
Accumulated depreciation	<u>(17,582,966)</u>	<u>(518,125)</u>	<u>179,206</u>	<u>(17,921,885)</u>
Total capital assets, net	<u>\$ 8,213,428</u>	<u>1,989,102</u>	<u>(307,410)</u>	<u>9,895,120</u>

Debt Administration

Changes in long-term debt amounts for 2021, were as follows:

	Balance 2020	Additions	Payments	Balance 2021
Long-term debt:				
Loans payable:				
Installment loan	\$ <u>1,426,927</u>	<u>1,510,461</u>	<u>(57,313)</u>	<u>2,880,075</u>
Long-term debt	<u>\$ 1,426,927</u>	<u>1,510,461</u>	<u>(57,313)</u>	<u>2,880,075</u>

In 2021, long-term debt increased by \$1,510,461, due to recycled water project construction additions and decreased by \$57,313 for scheduled principal payments. See note 7 for further information.

La Puente Valley County Water District
Management's Discussion and Analysis
For the Fiscal Years Ended December 31, 2021 and 2020

Debt Administration, continued

Changes in long-term debt amounts for 2020, were as follows:

	Balance			Balance
Long-term debt:	2019	Additions	Payments	2020
Loans payable:				
Installment loan	\$ -	1,489,539	(62,612)	1,426,927
Long-term debt	\$ -	1,489,539	(62,612)	1,426,927

In 2020, long-term debt increased by \$1,489,539, due to the acquisition of the OPUS Bank installment loan to facilitate the construction of the recycled water system and decreased by \$62,612, due to scheduled principal payments. See note 7 for further information.

Conditions Affecting Current Financial Position

The COVID-19 pandemic in the United States has caused business disruption through labor shortages and business closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the disruption. However, the related financial impact on the District and the duration cannot be estimated at this time.

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

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: Roy Frausto, 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

Draft Subject to Board Approval

La Puente Valley County Water District
Statements of Net Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents (note 2)	\$ 5,047,243	3,672,777
Accrued interest receivable	1,715	4,692
Accounts receivable – water sales and services	431,109	416,310
Accounts receivable – other (note 3)	324,956	294,165
Accounts receivable – property taxes	40,674	38,733
Materials and supplies inventory	131,462	113,518
Prepaid expenses	45,183	43,024
Prepaid water rights (note 4)	268,580	244,946
Total current assets	<u>6,290,922</u>	<u>4,828,165</u>
Non-current assets:		
Prepaid water rights (note 4)	147,526	208,770
Capital assets – not being depreciated (note 5)	3,745,333	2,476,677
Capital assets – being depreciated, net (note 5)	6,979,849	7,418,443
Total non-current assets	<u>10,872,708</u>	<u>10,103,890</u>
Total assets	<u>17,163,630</u>	<u>14,932,055</u>
Deferred outflows of resources:		
Deferred other post-employment benefits outflows (note 8)	1,358,401	1,501,026
Deferred pension outflows (note 9)	221,683	238,045
Total deferred outflows of resources	<u>1,580,084</u>	<u>1,739,071</u>
Current liabilities:		
Accounts payable and accrued expenses	378,893	450,567
Developer deposits	247,138	9,915
Customer deposits	25,085	8,085
Interest payable	26,471	13,905
Long-term liabilities – due in one year:		
Compensated absences (note 6)	34,979	32,272
Loan payable (note 7)	114,638	113,804
Total current liabilities	<u>827,204</u>	<u>628,548</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 6)	34,979	32,272
Loan payable (note 7)	2,765,437	1,313,123
Net other post-employment benefits liability (note 8)	1,927,872	1,971,009
Net pension liability (note 9)	267,926	799,418
Total non-current liabilities	<u>4,996,214</u>	<u>4,115,822</u>
Total liabilities	<u>5,823,418</u>	<u>4,744,370</u>
Deferred inflows of resources:		
Deferred other post-employment benefits inflows (note 8)	458,181	537,490
Deferred pension inflows (note 9)	280,122	49,903
Total deferred inflows of resources	<u>738,303</u>	<u>587,393</u>
Net position: (note 10)		
Net investment in capital assets	10,725,182	9,895,120
Unrestricted	1,456,811	1,444,243
Total net position	<u>\$ 12,181,993</u>	<u>11,339,363</u>

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Water operation revenues:		
Water consumption sales	\$ 1,610,379	1,484,273
Bi-monthly service charges	791,069	728,382
Other water service charges	6,290	10,447
Fire services	69,876	65,418
Water surplus sales	50,785	53,784
Total water service charges	<u>2,528,399</u>	<u>2,342,304</u>
Facility and service contract revenue: (note 11)		
Water treatment services – BPOU	1,173,382	1,050,580
Water treatment operations and maintenance fees – BPOU	79,591	78,030
Water treatment contracted labor – BPOU	313,800	306,723
Water treatment other charges – BPOU	12,748	10,194
Retail water distribution system management fee – City of Industry	197,078	193,214
Retail water distribution system contracted labor – City of Industry	736,999	677,728
Project management fee – PVOU IZ	53,750	161,250
Project administrative services – PVOU IZ	35,000	822
Project contracted labor – PVOU IZ	29,764	7,984
Total facility and service contract revenue	<u>2,632,112</u>	<u>2,486,525</u>
Total operating revenues	<u>5,160,511</u>	<u>4,828,829</u>
Operating expenses:		
Water operation expenses:		
Source of supply	468,527	481,093
Transmission and distribution	360,275	314,248
Pumping	122,307	106,165
Assessments	335,711	304,618
Water treatment	3,075	2,868
Customer accounts	29,846	27,999
General and administrative	315,262	320,266
Salaries and benefits	751,731	1,285,939
Total water operation expenses	<u>2,386,734</u>	<u>2,843,196</u>
Facility and service contract expenses: (note 11)		
Water treatment service costs – BPOU	1,097,914	962,896
Water treatment contracted labor costs – BPOU	313,800	306,723
Retail water distribution system contracted labor costs – City of Industry	736,647	677,728
Project contracted labor costs – PVOU IZ	29,764	7,984
Total facility and service contract expenses	<u>2,178,125</u>	<u>1,955,331</u>
Total operating expenses	<u>4,564,859</u>	<u>4,798,527</u>
Operating loss before depreciation expense	595,652	30,302
Depreciation expense	<u>(519,679)</u>	<u>(518,126)</u>
Operating income (loss)	<u>\$ 75,973</u>	<u>(487,824)</u>

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Non-operating revenue(expense):		
Property taxes	\$ 321,192	290,492
Investment (unrealized loss) earnings	(5,166)	33,237
Rental revenue (note 12)	42,204	35,315
Interest expense	(54,590)	(26,781)
Debt issuance costs	-	(11,000)
Loss from disposition of capital assets	(10,595)	-
Other non-operating revenues	17,019	30,292
Total non-operating, net	<u>310,064</u>	<u>351,555</u>
Net income (loss) before capital contributions	<u>386,037</u>	<u>(136,269)</u>
Capital contributions:		
Capital contributions – developer	126,922	23,417
Capital contribution – other local agency	150,000	150,000
Developer fees	179,671	25,946
Total capital contributions	<u>456,593</u>	<u>199,363</u>
Change in net position	842,630	63,094
Net position, beginning of year	<u>11,339,363</u>	<u>11,276,269</u>
Net position, end of year	<u>\$ 12,181,993</u>	<u>11,339,363</u>

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash receipts from customers for water sales and services	\$ 2,767,823	2,288,700
Cash receipts from facility and service contract revenue	1,520,758	1,760,582
Cash receipts from others	59,223	65,607
Cash paid to vendors and suppliers for materials and services	(2,787,084)	(2,526,056)
Cash paid to employees for salaries and wages	(1,010,697)	(1,096,700)
Net cash provided by operating activities	<u>550,023</u>	<u>492,133</u>
Cash flows from non-capital financing activities:		
Proceeds from property taxes	<u>319,251</u>	<u>290,855</u>
Net cash provided by non-capital financing activities	<u>319,251</u>	<u>290,855</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(1,349,741)	(2,199,818)
Proceeds from capital contributions	456,593	199,363
Proceeds from the sale of capital assets	(10,595)	-
Proceeds from loan payable	1,510,461	1,489,539
Issuance cost payments on loan payable	-	(11,000)
Principal payments on loan payable	(57,313)	(62,612)
Interest payments on loan payable	(42,024)	(12,876)
Net cash provided by (used in) capital and related financing activities	<u>507,381</u>	<u>(597,404)</u>
Cash flows from investing activities:		
Interest and investment (unrealized loss) earnings	<u>(2,189)</u>	<u>148,082</u>
Net cash (used in) provided by investing activities	<u>(2,189)</u>	<u>148,082</u>
Net increase in cash and cash equivalents	<u>1,374,466</u>	<u>333,666</u>
Cash and cash equivalents:		
Beginning of year	<u>3,672,777</u>	<u>3,339,111</u>
End of year	<u>\$ 5,047,243</u>	<u>3,672,777</u>

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 75,973	(487,824)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation expense	519,679	518,126
Rental revenue	42,204	35,315
Other non-operating revenues	17,019	30,292
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
(Increase)Decrease in assets:		
Accounts receivable – water sales and services	(14,799)	(69,519)
Accounts receivable – other	(30,791)	266,492
Materials and supplies inventory	(17,944)	(20,468)
Prepaid expenses	(2,159)	62
Prepaid water rights	37,610	23,295
(Increase)Decrease in deferred outflows of resources:		
Deferred other post-employment benefits outflows	142,625	(1,422,844)
Deferred pension outflows	16,362	(21,125)
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses	(71,674)	(8,792)
Developer deposits	237,223	9,915
Customer deposits	17,000	6,000
Compensated absences	5,414	(14,340)
Net other post-employment benefits liability	(43,137)	1,009,716
Net pension liability	(531,492)	96,581
Increase (Decrease) in deferred inflows of resources:		
Deferred other post-employment benefits inflows	(79,309)	533,292
Deferred pension inflows	230,219	7,959
Total adjustments	474,050	979,957
Net cash provided by operating activities	\$ 550,023	492,133

See accompanying notes to the basic financial statements

La Puente Valley County Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended December 31, 2021 and 2020

(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, 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.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

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

C. Financial Reporting, continued

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

Governmental Accounting Standards Board Statement No. 89

In June 2018, the GASB issued Statement No. 89 – *Accounting for Interest Cost incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

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. Uncertainty

The COVID-19 outbreak in the United States has caused business disruption through labor shortages and business closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. Consequently, the related financial impact on the District and the duration cannot be estimated at this time.

3. 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.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

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

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

4. 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.

5. 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** – 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** – 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** – 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.

6. 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.

7. Materials and Supplies Inventory

Materials and supplies inventory consist 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. Material and supply items are charged to expense at the time the items are withdrawn from inventory or consumed.

8. Prepaid Expenses 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.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

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

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

9. 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

10. 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 items that qualify for reporting in this category:

Post-Employment Benefits Other Than Pensions (OPEB)

- Deferred outflow which is equal to the employer contributions made after the measurement date of the net OPEB liability. This amount will be amortized-in-full against the net OPEB liability in the next fiscal year.
- Deferred outflow for the net difference 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 OPEB benefits through the Plan.

Pensions

- 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 difference 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 inflow.
- Deferred outflow for the net change in proportions of the net pension liability 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.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

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

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

10. Deferred Outflows of Resources, continued

Pensions

- 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.

11. 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.

12. Post-Employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB plan (Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

GASB 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. At December 31, 2021 and 2020, the following timeframes were used:

- Valuation date: June 30, 2020
- Measurement dates: June 30, 2021 and June 30, 2020
- Measurement periods: July 1, 2020 to June 30, 2021 and July 1, 2019 to June 30, 2020

13. 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. At December 31, 2021 and 2020, the following timeframes were used:

- Valuation dates: June 30, 2020 and June 30, 2019
- Measurement Dates: June 30, 2021 and June 30, 2020
- Measurement Periods: July 1, 2020 to June 30, 2021 and July 1, 2019 to June 30, 2020

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

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

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

14. 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 items that qualify for reporting in this category:

Post-Employment Benefits Other Than Pensions (OPEB)

- Deferred inflow for the net change 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 OPEB benefits through the Plan.
- Deferred inflow for the net difference in projected and actual earnings on investments of the OPEB Plans' fiduciary net position. This amount is amortized over a 5-year period.

Pensions

- Deferred inflow for the net change 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.
- Deferred inflow for the net difference 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.
- Deferred inflow 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.

15. Net Position

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

- **Net investment in capital assets** – consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- **Restricted** – consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets.
- **Unrestricted** – 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 net investment in capital assets or restricted components of net position.

16. 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.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

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

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

16. Property Taxes and Assessments, continued

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

17. 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.

18. 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.

19. Budgetary Policies

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

(2) Cash and Investments

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

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 5,047,243	3,672,777
Total cash and cash equivalents	<u>\$ 5,047,243</u>	<u>3,672,777</u>

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

	<u>2021</u>	<u>2020</u>
Cash on hand	\$ 300	300
Deposits with financial institutions	2,074,787	698,132
Investments	<u>2,972,156</u>	<u>2,974,345</u>
Total cash and investments	<u>\$ 5,047,243</u>	<u>3,672,777</u>

As of June 30, the District's authorized deposits had the following maturities:

	<u>2021</u>	<u>2020</u>
Deposits with California Local Agency Investment Fund (LAIF)	332 days	165 days

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

(2) Cash and Investments, continued

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

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 pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by GASB 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

(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.

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.

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.

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.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

(3) Accounts Receivable – Other

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

	<u>2021</u>	<u>2020</u>
San Gabriel Basin Water Quality Authority	\$ 158,727	187,983
Industry Public Utilities	98,548	88,980
Northrop Grumman Systems Corporation	38,826	3,331
Suburban Water Systems	28,569	13,871
City of Industry	286	-
Total accounts receivable – other	<u>\$ 324,956</u>	<u>294,165</u>

(4) Prepaid Water Rights

Prepaid water rights as of December 31, 2021, were as follows:

<u>Balance</u> <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2021</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
\$ 453,716	268,580	(306,190)	416,106	268,580	147,526

Prepaid water rights as of December 31, 2020, were as follows:

<u>Balance</u> <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2020</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
\$ 477,011	244,946	(268,241)	453,716	244,946	208,770

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. The balance is expected to be utilized in the future fiscal years and therefore is classified as current. At December 31, 2020, the remaining available water from the initial purchase amounted to \$208,770. At December 31, 2021, the remaining available water from the initial purchase amounted to \$147,526.

On July 1, 2015, the District entered into an agreement for the purchase commitment of leased water production rights for 2019, 2020, and 2021. 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 313.72 acre-feet of water production rights available for lease at a cost of \$780.78 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, 2021 and 2020, the District prepaid for the water production rights in the amount of \$268,580 and \$244,946, respectively. For further information, please see note 16.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

(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:

	<u>2021</u>	<u>2020</u>
Recycled water project	\$ 2,048,741	1,999,310
Nitrate treatment plant	1,300,280	280,290
SCADA system replacement	93,593	-
Various jobs under \$50,000	119,491	13,849
Total construction-in-process	<u>\$ 3,562,105</u>	<u>2,293,449</u>

Changes in capital assets for December 31 were as follows:

	<u>Balance 2020</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2021</u>
Non-depreciable assets:				
Land	\$ 183,228	-	-	183,228
Construction-in-process	2,293,449	1,360,338	(91,682)	3,562,105
Total non-depreciable assets	<u>2,476,677</u>	<u>1,360,338</u>	<u>(91,682)</u>	<u>3,745,333</u>
Depreciable assets:				
Water treatment plant	10,765,635	-	(1,726)	10,763,909
Transmission and distribution	10,375,866	81,087	(91,855)	10,365,098
Pumps and reservoirs	2,636,944	-	-	2,636,944
Buildings and structures	525,875	-	-	525,875
Tools and equipment	628,868	-	(19,476)	609,392
Automotive equipment	335,239	-	-	335,239
Office equipment and fixtures	49,867	-	(692)	49,175
Radio equipment	12,944	-	-	12,944
Software	9,090	-	-	9,090
Total depreciable assets	<u>25,340,328</u>	<u>81,087</u>	<u>(113,749)</u>	<u>25,307,666</u>
Accumulated depreciation:				
Water treatment plant	(9,371,497)	(96,546)	1,725	(9,466,318)
Transmission and distribution	(5,969,715)	(291,162)	91,853	(6,169,024)
Pumps and reservoirs	(1,428,056)	(71,206)	-	(1,499,262)
Buildings and structures	(443,541)	(24,383)	-	(467,924)
Tools and equipment	(421,763)	(5,820)	19,477	(408,106)
Automotive equipment	(244,799)	(24,927)	-	(269,726)
Office equipment and fixtures	(33,852)	(2,523)	692	(35,683)
Radio equipment	(5,178)	(1,294)	-	(6,472)
Software	(3,484)	(1,818)	-	(5,302)
Total accumulated depreciation	<u>(17,921,885)</u>	<u>(519,679)</u>	<u>113,747</u>	<u>(18,327,817)</u>
Total depreciable assets, net	<u>7,418,443</u>	<u>(438,592)</u>	<u>(2)</u>	<u>6,979,849</u>
Total capital assets, net	<u>\$ 9,895,120</u>	<u>921,746</u>	<u>(91,684)</u>	<u>10,725,182</u>

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

(5) Capital Assets, continued

Changes in capital assets for December 31 were as follows:

	Balance 2019	Additions/ Transfers	Deletions/ Transfers	Balance 2020
Non-depreciable assets:				
Land	\$ 183,228	-	-	183,228
Construction-in-process	401,043	2,199,816	(307,410)	2,293,449
Total non-depreciable assets	584,271	2,199,816	(307,410)	2,476,677
Depreciable assets:				
Water treatment plant	10,866,325	-	(100,690)	10,765,635
Transmission and distribution	10,169,408	284,974	(78,516)	10,375,866
Pumps and reservoirs	2,636,944	-	-	2,636,944
Buildings and structures	503,438	22,437	-	525,875
Tools and equipment	628,868	-	-	628,868
Automotive equipment	335,239	-	-	335,239
Office equipment and fixtures	49,867	-	-	49,867
Radio equipment	12,944	-	-	12,944
Software	9,090	-	-	9,090
Total depreciable assets	25,212,123	307,411	(179,206)	25,340,328
Accumulated depreciation:				
Water treatment plant	(9,373,916)	(98,271)	100,690	(9,371,497)
Transmission and distribution	(5,760,729)	(287,502)	78,516	(5,969,715)
Pumps and reservoirs	(1,356,850)	(71,206)	-	(1,428,056)
Buildings and structures	(418,369)	(25,172)	-	(443,541)
Tools and equipment	(416,352)	(5,411)	-	(421,763)
Automotive equipment	(219,872)	(24,927)	-	(244,799)
Office equipment and fixtures	(31,328)	(2,524)	-	(33,852)
Radio equipment	(3,883)	(1,295)	-	(5,178)
Software	(1,667)	(1,817)	-	(3,484)
Total accumulated depreciation	(17,582,966)	(518,125)	179,206	(17,921,885)
Total depreciable assets, net	7,629,157	(210,714)	-	7,418,443
Total capital assets, net	\$ 8,213,428	1,989,102	(307,410)	9,895,120

(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 2020	Earned	Taken	Balance 2021	Current Portion	Long-term Portion
\$	64,544	63,168	(57,754)	69,958	34,979	34,979

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

(6) Compensated Absences, continued

Changes in compensated absences for December 31 were as follows:

Balance 2019	Earned	Taken	Balance 2020	Current Portion	Long-term Portion
\$ 78,884	53,061	(67,401)	64,544	32,272	32,272

(7) Loan Payable

Changes in loan payable for December 31 were as follows:

	Balance 2020	Additions	Payments	Balance 2021	Current Portion	Long-term Portion
Long-term debt:						
Loans payable:						
Installment loan	\$ 1,426,927	1,510,461	(57,313)	2,880,075	114,638	2,765,437
Long-term debt	\$ 1,426,927	1,510,461	(57,313)	2,880,075	114,638	2,765,437

Changes in loan payable for December 31 were as follows:

	Balance 2019	Additions	Payments	Balance 2020	Current Portion	Long-term Portion
Long-term debt:						
Loans payable:						
Installment loan	\$ -	1,489,539	(62,612)	1,426,927	113,804	1,313,123
Long-term debt	\$ -	1,489,539	(62,612)	1,426,927	113,804	1,313,123

Opus Bank Installment Loan – 2020

On March 31, 2020, the District entered into an installment loan agreement with Opus Bank in the amount of \$3,000,000, to provide funds for the purpose of financing the construction of the recycled water system and nitrate removal system. The interest rate on the loan is 3.00% per year. Principal and interest on the loan is payable in semi-annual installments due each September 1st and March 1st. The loan is expected to mature on March 1, 2040.

As of December 31, 2021, the loan balance had not yet been fully drawn. Future principal and interest obligations on the loan will be determined upon completion of the project.

(8) Other Post-Employment Benefits (OPEB) Plan

General Information about the OPEB Plan

Plan Description

The District provides other post-employment benefits (OPEB) to qualified employees who retire from the District and meet the District's vesting requirements. The District participates in CalPERS California Employer's Retiree Benefit Trust Program (CERBT), a Prefunding Plan trust fund intended to perform an essential government function within the meaning of Section 115 of the Internal Revenue Code. Copies of CalPERS CERBT audited financial report may be obtained from their executive Office: 400 P Street, Sacramento, CA 95814. The new reporting requirements for these benefit programs as they pertain to the District are set forth below.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

(8) Other Post-Employment Benefits (OPEB) Plan, continued

Benefits Provided

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.

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.

Employees Covered by Benefit Terms

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

	<u>2021</u>
Active plan members	13
Retirees and beneficiaries receiving benefits	6
Separated plan members entitled to but not yet receiving benefits	-
Total Plan membership	<u>19</u>

Contributions

The Plan and its contribution requirements for eligible retired employees of the District are established and may be amended by the Board of Directors. The District pays 100% of the cost of health insurance for retirees under any group plan offered by CalPERS, subject to certain restrictions as determined by the District. The annual contribution is based on the actuarially determined contribution.

As of the fiscal years ended December 31, the contributions were as follows:

	<u>2021</u>	<u>2020</u>
Contributions – employer	\$ <u>90,457</u>	<u>95,993</u>

As of December 31, 2021 and 2020, the employer pension contributions were reported as deferred outflows of resources related to contributions subsequent to the measurement date were recognized as a reduction of net OPEB liability in the fiscal years ended December 31, 2022 and 2021, respectively.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2021 and 2020, and the total net liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

(8) Other Post-Employment Benefits (OPEB) Plan, continued

Net OPEB Liability, continued

Actuarial Assumptions

The net OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00 percent, per annum, in aggregate
Discount rate	6.00 percent, per annum, The discount rate assumes the District continues to fully fund for its retiree health benefits under its current investment strategy.
Healthcare cost trend rates	6.0% HMO & 6.5% PPO decreasing to 5.0% HMO & 5.0% PPO over future periods

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

At the measurement date June 30, 2021, the target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class - CERBT	Target Allocation	Long-term Expected Real Return
Global Equity	22.0%	7.80%
Global Fixed Income	49.0%	4.50%
TIPS	16.0%	3.25%
Commodities	5.0%	7.80%
REITS	8.0%	7.50%
Total	100.0%	

At the measurement date June 30, 2020, the target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class - CERBT	Target Allocation	Long-term Expected Real Return
Global Equity	22.0%	7.80%
Global Fixed Income	49.0%	4.50%
TIPS	16.0%	3.25%
Commodities	5.0%	7.80%
REITS	8.0%	7.50%
Total	100.0%	

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

(8) Other Post-Employment Benefits (OPEB) Plan, continued

Discount Rate

The discount rate used to measure the net OPEB liability was 6.00 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates.

Changes in the Net OPEB Liability

Changes in the net OPEB liability as of June 30, were as follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2020	\$ 3,127,396	1,156,387	1,971,009
Changes for the year:			
Service cost	74,308	-	74,308
Interest	185,940	-	185,940
Expected investment income	-	73,120	(73,120)
Changes in assumptions	117,536	-	117,536
Investment gains/(losses)	-	92,139	(92,139)
Employer contributions	-	125,000	(125,000)
Employer contributions as benefit payments	-	106,376	(106,376)
Benefit payments, including			
refunds of member contributions	(106,376)	(106,376)	-
Administrative expenses	-	(431)	431
Expected minus actual benefit payments	(24,717)	-	(24,717)
Net changes	246,691	289,828	(43,137)
Balance at June 30, 2021	\$ 3,374,087	1,446,215	1,927,872

Changes in the net OPEB liability as of June 30, were as follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2019	\$ 1,976,762	1,015,469	961,293
Changes for the year:			
Service cost	88,905	-	88,905
Interest	119,982	-	119,982
Expected investment income	-	63,162	(63,162)
Experience (gains)/losses	1,569,520	-	1,569,520
Changes in assumptions	(574,335)	-	(574,335)
Investment gains/(losses)	-	3,279	(3,279)
Employer contributions	-	75,000	(75,000)
Employer contributions as benefit payments	-	3,182	(3,182)
Benefit payments, including			
refunds of member contributions	(3,182)	(3,182)	-
Administrative expenses	-	(523)	523
Expected minus actual benefit payments	(50,256)	-	(50,256)
Net changes	1,150,634	140,918	1,009,716
Balance at June 30, 2020	\$ 3,127,396	1,156,387	1,971,009

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

(8) Other Post-Employment Benefits (OPEB) Plan, continued

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

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

At the measurement date June 30, 2021, the discount rate comparison was the following:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's net OPEB liability	\$ 2,459,101	1,927,872	1,495,033

At the measurement date June 30, 2020, the discount rate comparison was the following:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's net OPEB liability	\$ 2,459,361	1,971,009	1,574,902

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

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

At the measurement date June 30, 2021, the healthcare cost trend rate comparison was the following:

	1% Decrease (5.00%HMO/ 5.50%PPO decreasing to 4.00%HMO/ 4.00%PPO)	Current Healthcare Cost Trend Rates (6.00%HMO/ 6.50%PPO decreasing to 5.00%HMO/ 5.00%PPO)	1% Increase (7.00%HMO/ 7.50%PPO decreasing to 6.00%HMO/ 6.00%PPO)
District's net OPEB liability	\$ 1,410,314	1,927,872	2,601,878

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

(8) Other Post-Employment Benefits (OPEB) Plan, continued

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

At the measurement date June 30, 2020, the healthcare cost trend rate comparison was the following:

		Current Healthcare Cost Trend Rates	
	1% Decrease		1% Increase
	(5.00%HMO/ 5.50%PPO decreasing to 4.00%HMO/ 4.00%PPO)	(6.00%HMO/ 6.50%PPO decreasing to 5.00%HMO/ 5.00%PPO)	(7.00%HMO/ 7.50%PPO decreasing to 6.00%HMO/ 6.00%PPO)
District's net OPEB liability	\$ 1,517,069	1,971,009	2,545,339

For the fiscal years December 31, 2021 and 2020, the District recognized OPEB expense of \$110,636 and \$216,157, respectively.

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

At December 31, the District reported no deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2021		2020	
Description	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to the measurement date	\$ 90,457	-	95,993	-
Experience gains and losses	1,267,944	-	1,405,033	-
Changes in assumptions	-	(379,269)	-	(531,151)
Differences between expected and actual return on investments	-	(78,912)	-	(6,339)
Total	\$ 1,358,401	(458,181)	1,501,026	(537,490)

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

(8) Other Post-Employment Benefits (OPEB) Plan, continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, continued

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

Actuarially Determined Deferred Outflows and (Inflows) - OPEB Plan				
Fiscal Year Ending June 30:	Experience Gains and Losses	Changes in Assumptions	Net, Differences between Projected and Actual Return on Investments	Net, Deferred Outflows/ (Inflows) of Resources
2022	\$ 112,372	(34,346)	(19,567)	58,459
2023	112,372	(34,346)	(21,835)	56,191
2024	112,372	(34,346)	(19,083)	58,943
2025	112,372	(34,346)	(18,427)	59,599
2026	112,372	(34,346)	-	78,026
Thereafter	706,084	(207,539)	-	498,545
Total	\$ 1,267,944	(379,269)	(78,912)	809,763

OPEB Plan Fiduciary Net Position and Schedule of OPEB Plan Contributions

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CalPERS financial reports. See pages 49 and 50 for the Required Supplementary Information.

(9) 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.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

(9) Defined Benefit Pension Plan, continued

Benefits Provided, continued

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.

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

	Miscellaneous Plan			
	2020		2020	
	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire date				
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	6.918%	6.250%	6.915%	6.250%
Six months ended December 31	6.920%	6.750%	6.918%	6.750%
Required employer contribution rates				
Six months ended June 30	8.794%	7.732%	8.081%	6.985%
Six months ended December 31	8.650%	7.590%	8.794%	7.732%

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 year December 31, the contributions recognized as part of pension expense for the Plan was as follows:

		Miscellaneous Plan	
		2021	2020
Contributions – employer	\$	146,496	120,477
Contributions – employee (paid by employer)		46,912	65,242
Total employer paid contributions	\$	193,408	185,719

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

(9) Defined Benefit Pension Plan, continued

Net Pension Liability

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

	Miscellaneous Plan	
	2021	2020
Proportionate share of net pension liability \$	267,926	799,418

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, 2021 and 2020, the net pension liability of the Plan is measured as of June 30, 2021 and June 30, 2020 (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, 2020 and June 30, 2019 (the valuation dates), rolled forward to June 30, 2021 and 2020, 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, were as follows:

Proportional Share	Miscellaneous Plan
Measurement Date of June 30, 2020 for the year ended December 31, 2020	0.00735%
Measurement Date of June 30, 2021 for the year ended December 31, 2021	0.00495%
Change – Increase (Decrease)	-0.00240%

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

Proportional Share	Miscellaneous Plan
Measurement Date of June 30, 2019 for the year ended December 31, 2019	0.00686%
Measurement Date of June 30, 2020 for the year ended December 31, 2020	0.00735%
Change – Increase (Decrease)	0.00049%

Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal years ended December 31, 2021 and 2020, the District recognized pension income and expense of \$180,024 and \$184,827, respectively.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

(9) Defined Benefit Pension Plan, continued

Deferred Outflows/Inflows of Resources Related to Pensions, continued

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

Description	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 104,887	-	101,412	-
Net differences between actual and expected experience	30,044	-	41,196	-
Net changes in assumptions	-	-	-	(5,702)
Net differences between actual contribution and proportionate share of contribution	-	(46,241)	-	(44,201)
Net adjustment due to differences in proportions of the net pension liability	86,752	-	71,689	-
Net differences between projected and actual earnings on plan investments	-	(233,881)	23,748	-
Total	\$ 221,683	(280,122)	238,045	(49,903)

As of December 31, 2021 and 2020, the District reported \$104,887 and \$101,412, as deferred outflows of resources related to pension contributions subsequent to the measurement dates June 30, 2021 and 2020, and will be/were recognized as a reduction of the net pension liability for the fiscal years ended December 31, 2022 and 2021, 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:

Fiscal Year Ending December 31,	Deferred Net Outflows/ (Inflows) of Resources
2022	\$ (20,966)
2023	(30,661)
2024	(44,737)
2025	(66,962)
2026	-
Thereafter	-

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

(9) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The total pension liabilities in the actuarial valuations dated June 30, 2019 and 2018, were determined using the following actuarial assumptions and methods:

Valuation dates	June 30, 2020 and 2019
Measurement dates	June 30, 2021 and 2020
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2020 and 2019 – 2.50%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Period upon which actuarial Experience Survey assumption were based	2020 and 2019 – 1997-2015
Post Retirement Benefit	2020 and 2019 – Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% 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.

Discount Rate

At the measurement dates, June 30, 2021 and 2020, the discount rate used to measure the total pension liability was 7.15% for the Plan, respectively. 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.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

(9) Defined Benefit Pension Plan, continued

Discount Rate, continued

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all 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 the measurement dates June 30, 2021 and 2020, the target allocation and the long-term expected real rate of return by asset class were as follows:

Asset Class	Target Allocation	Real Return Years 1-10	Real Return Year 11+
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0	1.00	2.62
Inflation Sensitive	0.0	0.77	1.81
Private Equity	8.0	6.30	7.23
Real Asset	13.0	3.75	4.93
Liquidity	1.0	0.00	(0.92)
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 fiscal year end December 31, 2021, 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 \$	898,180	267,926	(253,096)

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

(9) Defined Benefit Pension Plan, continued

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

As of fiscal year end December 31, 2020, 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 \$	<u>1,381,041</u>	<u>799,418</u>	<u>318,841</u>

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 51 and 52 for the Required Supplementary Information.

Payable to the Pension Plan

At December 31, 2021 and 2020 the District reported \$0 in payables for the outstanding amount of contribution to the pension plan, respectively.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

(10) Net Position

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

	<u>2021</u>	<u>2020</u>
Investment in capital assets:		
Capital assets – not being depreciated	\$ 3,745,333	2,476,677
Capital assets – being depreciated, net	<u>6,979,849</u>	<u>7,418,443</u>
Total investment in capital assets	<u>10,725,182</u>	<u>9,895,120</u>
Unrestricted net position:		
Non-spendable net position:		
Materials and supplies inventory	131,462	113,518
Prepaid expenses	45,183	43,024
Prepaid water rights – current	268,580	244,946
Prepaid water rights – long-term	<u>147,526</u>	<u>208,770</u>
Total non-spendable net position	<u>592,751</u>	<u>610,258</u>
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	<u>(528,327)</u>	<u>(558,402)</u>
Total spendable net position	<u>864,060</u>	<u>833,985</u>
Total unrestricted net position	<u>1,456,811</u>	<u>1,444,243</u>
Total net position	<u>\$ 12,181,993</u>	<u>11,339,363</u>

(11) 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.

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.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

(11) Facility and Service Contract Revenue, continued

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

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, 2021 and 2020, the District reported water treatment service revenue of \$1,173,382 and \$1,050,580, respectively and related water treatment costs of \$1,097,914 and \$962,896, 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, 2021 and 2020 the District reported retail water distribution system management fee revenue of \$197,078 and \$193,214, 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), named as a potentially responsible party by the United State Environmental Protection Agency, 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 treatment plant for which it will retain the custody of. The District has agreed to support and coordinate with Northrop Grumman on necessary permits, government approvals and construction of the Project. As of December 31, 2021, Northrop Grumman was in the construction phase of the PVOU IZ Treatment Plant project with an expected projected completion date of July 31, 2023.

The end users of the treated groundwater were originally planned to be the District and the PBWA. However, due to impacts from the PVOU IZ groundwater contamination to a well owned by neighboring water purveyor, Suburban Water Systems (SWS), the end user of the treated groundwater has changed to the District and SWS. In order to deliver the treated groundwater to the District and SWS, construction of certain water system improvements is required. In February of 2018, the District entered into two agreements, 1) with Northrop Grumman for operation services of the PVOU IZ Treatment Plant; and 2) with SWS and Northrop Grumman for the delivery and beneficial use of the treated water from the facility.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

(11) Facility and Service Contract Revenue, continued

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

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 an upgrade of a 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, 2021, these improvements are in the preliminary design phase and construction has not yet begun.

Once construction of the PVOU IZ Treatment Plant 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.

At December 31, 2021 and 2020, the District reported project service revenue of \$118,514 and \$170,056, respectively.

(12) 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, 2021 and 2020, rental revenue collected was \$42,204 and \$35,315, respectively.

As of December 31, 2020, future minimum rental payments are due as follows:

Fiscal Year		
Ending		
December 31,		Amount
2022	\$	40,562
2023		41,778
2024		10,521
	\$	<u>92,861</u>

(13) 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, 2021 and 2020 the market value of all plan assets held in trust by the District plan amounted to \$979,347 and \$848,983, respectively.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

(13) Deferred Compensation Plan, continued

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.

(14) 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 (JPIA), an intergovernmental risk sharing joint powers authority created under provisions of California Government Code Sections 6500 et. seq. The purpose of the JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess or specialty-insurance coverage above retained limits.

As of December 31, 2021, the District participated in the liability, property programs, and workers' compensation programs of the JPIA as follows:

- General, Automobile, Employment Practices & Public Officials' Liability. Broad coverage against third-party claims for the Agency, its directors, employees and volunteers. Covered up to the following limits: the JPIA pools for first \$5 million and purchases excess coverage with limit up to \$55 million with aggregated policy limits.

In addition to the coverage described below, the District also has the following coverage:

- Property Loss: Covered up to replacement value with a \$1,000 deductible per occurrence on scheduled buildings, fixed equipment and contents, actual cash value on scheduled mobile equipment with a \$1,000 deductible per occurrence and actual cash value on scheduled vehicles with a \$500 deductible per occurrence. JPIA is self-insured up to \$100,000 per loss and has purchased re-insurance coverage up to a \$500,000,000 limit per occurrence. Scheduled fixed equipment is covered for Accidental Mechanical Breakdown up to sub-limit of \$100,000,000 with deductible \$25,000 to \$50,000 depending on type of equipment.
- Cyber Liability: Including Cyber Security up to \$3,000,000 per occurrence and \$5,000,000 Aggregate Limit. The cyber liability deductible is \$100,000 as of July 1, 2021.
- Employee Dishonesty/Crime Supplement: Covered up to \$100,000 per occurrence with a \$1,000 deductible for employee dishonesty, forgery or alteration and computer fraud. The program covers all employees, the Board of Directors, and the Treasurer. The District also purchases excess crime coverage, with a limit of \$1,000,000.
- The District also participates in the Difference in Conditions Group Purchase Policy. The policy provides replacement value of real and personal property owned by the Agency when damaged by an earthquake or flood. Replacement cost valuation, not to exceed stated value of real and personal property located at various locations, as per schedule on file with aggregate limits of \$25,000,000. Minimum deductibles are \$25,000 for Flood and 5% of value for Earthquake, with minimum \$25,000.

Separate financial statements of JPIA can be obtained at 2100 Professional Drive, Roseville, CA 95661 or <http://www.acwajpia.com/FinancialStatements.aspx>.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

(14) 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, 2021, 2020, and 2019. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of December 31, 2021, 2020, and 2019, respectively.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2021, that has effective dates that may impact future financial presentations.

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 were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by 18 months. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 91

In May 2019, the GASB issued Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

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

Governmental Accounting Standards Board Statement No. 91, continued

The requirements of this Statement were effective for reporting periods beginning after December 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 92

In January 2020, the GASB issued Statement No. 92 – *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The requirements of this Statement were as follows: (1) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance; (2) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020; (3) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020; and (4) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged and is permitted by topic.

Governmental Accounting Standards Board Statement No. 93

In March 2020, the GASB issued Statement No. 93 – *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; (6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended; and (7) Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The requirements of this Statement were effective as follows: (1) The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021; and (2) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective dates have been postponed by one year. Earlier application is encouraged.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

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

Governmental Accounting Standards Board Statement No. 94

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 96

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 97

In June 2020, the GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 41 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

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

Governmental Accounting Standards Board Statement No. 97, continued

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance.

Governmental Accounting Standards Board Statement No. 98

In October 2021, the GASB issued Statement No. 98 – *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness.

The requirements of this Statement are effective for fiscal years ending after December 15, 2021. Earlier application is encouraged.

(16) 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 2019, 2020, and 2021. 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 313.72 acre-feet of water production rights available for lease at an estimated purchase price of \$780.78 per acre-foot.

On October 2, 2017, the District entered into an agreement purchase commitment of leased water production rights for water production years 2019, 2020 and 2021. Terms of the agreement allow for up to 1,000 acre feet per year. The lease rate is based upon the Tier 1 Untreated Water Rate charges set by the Metropolitan Water District plus any charges set by San Gabriel Valley Upper District.

As of December 31, 2021 and 2020, the District prepaid for the water rights as described in note 4. As of December 31, 2021 and 2020, remaining purchase commitment balance of estimated water production rights for the 2021 and 2020 water production years were \$268,580 and \$244,946, respectively.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2021 and 2020

(16) Commitments and Contingencies, continued

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). In October 2019, the MOU was amended to account for changes in the Project, the administrative process for grant funding distribution and the Metropolitan Water District's Local Resource Program.

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.

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 an annual fee for administering the Metropolitan Water District's Local Resource Program.

As of December 31, 2021, all construction and equipment related to this Project was completed with the exception of the Southern California Edison power connection to the pump station. It is anticipated that the construction activities to power the pump station will be completed by the end of the 2nd quarter of 2022.

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.

(17) Subsequent Events

Events occurring after December 31, 2021, have been evaluated for possible adjustment to the financial statements or disclosure as of June 27, 2022, which is the date the financial statements were available to be issued.

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Required Supplementary Information

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La Puente Valley County Water District
Schedules of Changes in the District's Net OPEB Liability and Related Ratios
As of December 31, 2021
Last Ten Years*

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB liability				
Service cost	\$ 74,308	88,905	86,316	81,361
Interest	185,940	119,982	113,110	104,071
Changes in benefit terms	-	-	-	-
Experience (gains)/losses	-	1,569,520	-	-
Changes in assumptions	117,536	(574,335)	-	-
Benefit payments	(106,376)	(3,182)	(43,035)	(36,432)
Expected minus actual benefit payments	<u>(24,717)</u>	<u>(50,256)</u>	<u>-</u>	<u>-</u>
Net change in total OPEB liability	246,691	1,150,634	156,391	149,000
Total OPEB liability – beginning	<u>3,127,396</u>	<u>1,976,762</u>	<u>1,820,371</u>	<u>1,671,371</u>
Total OPEB liability – ending	<u>\$ 3,374,087</u>	<u>3,127,396</u>	<u>1,976,762</u>	<u>1,820,371</u>
Plan fiduciary net position				
Contributions employer	\$ 231,376	78,182	155,535	161,432
Net investment income	73,120	63,162	67,277	33,111
Investment gains/(losses)	92,139	3,279	-	-
Benefit payments	(106,376)	(3,182)	(43,035)	(36,432)
Administrative expenses	(431)	(523)	(191)	(378)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>(899)</u>
Net change in plan fiduciary net position	289,828	140,918	179,586	156,834
Plan fiduciary net position – beginning	<u>1,156,387</u>	<u>1,015,469</u>	<u>835,883</u>	<u>679,049</u>
Plan fiduciary net position – ending	<u>1,446,215</u>	<u>1,156,387</u>	<u>1,015,469</u>	<u>835,883</u>
Net OPEB liability – ending	<u>\$ 1,927,872</u>	<u>1,971,009</u>	<u>961,293</u>	<u>984,488</u>
Plan fiduciary net position as a percentage of the total OPEB liability	42.86%	36.98%	51.37%	45.92%
Covered payroll	<u>\$ 1,141,171</u>	<u>1,031,429</u>	<u>1,090,770</u>	<u>1,059,000</u>
Net OPEB liability as a percentage of covered payroll	168.94%	191.10%	88.13%	92.96%
Valuation date	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Methods and assumptions used to determine contribution rates:				
Single and agent employers	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)
Inflation	2.75%	2.75%	2.75%	2.75%
Salary increases	2.75%	2.75%	3.00%	3.00%
Investment rate of return	6.00%	6.00%	6.00%	6.00%
Mortality, retirement, turnover	(2)	(2)	(2)	(2)

(1) Level percentage of payroll, closed

(2) 2017 CalPERS OPEB Assumption Model (2021)
2014 CalPERS OPEB Assumption Model (2020-2018)

* 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
Schedules of OPEB Plan Contributions
As of December 31, 2021
Last Ten Years*

Fiscal year ending	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Actuarially determined contribution	\$ 231,376	78,182	155,535	161,432
Contributions in relation to the actuarially determined contribution	<u>(231,376)</u>	<u>(78,182)</u>	<u>(155,535)</u>	<u>(161,432)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	<u>1,141,171</u>	<u>1,031,429</u>	<u>1,046,701</u>	<u>1,005,625</u>
Contribution's as a percentage of covered payroll	<u>20.28%</u>	<u>7.58%</u>	<u>14.86%</u>	<u>16.05%</u>

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

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La Puente Valley County Water District
District's Proportionate Share of the Net Pension Liability
As of December 31, 2021
Last Ten Years*

Description	Fiscal Year							
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability	0.00495%	0.00735%	0.00686%	0.00636%	0.00634%	0.00596%	0.00490%	0.00673%
District's proportionate share of the net pension liability \$	267,926	\$ 799,418	702,837	612,406	628,508	515,576	336,132	418,940
District's covered payroll \$	1,141,171	\$ 1,031,429	1,046,701	1,005,625	971,214	842,275	878,289	788,280
District's proportionate share of the net pension liability as a percentage of its covered payroll	23.48%	77.51%	67.15%	60.90%	64.71%	61.21%	38.27%	53.15%
Plan's fiduciary net position as a percentage of the total pension liability	94.39%	81.71%	82.14%	82.75%	80.52%	82.30%	87.57%	83.30%

Notes To Schedule:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses.

The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%

From fiscal year June 30, 2018 to June 30, 2019:

The inflation rate was reduced from 2.75% to 2.50%

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no changes in assumptions.

* 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
Schedules of Pension Plan Contributions
As of December 31, 2021
Last Ten Years*

Description	Fiscal Year							
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarially determined contribution	\$ 145,875	125,476	108,909	105,990	81,407	67,743	67,711	76,316
Contributions in relation to the actuarially determined contribution	(145,875)	(125,476)	(108,909)	(105,990)	(81,407)	(67,743)	(67,711)	(76,316)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-
District's covered payroll	\$ 1,141,171	1,031,429	1,046,701	1,005,625	971,214	842,275	878,289	788,280
Contribution's as a percentage of covered payroll	12.78%	12.17%	10.40%	10.54%	8.38%	8.04%	7.71%	9.68%
Notes to schedule:								
Valuation date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Methods and assumptions used to determine contribution rates:								
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
Inflation	2.50%	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.00% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level of percentage payroll, closed

(2) Depending on age, service, and type of employment

(3) Net of pension plan investment expense, including inflation

(4) 50 for all plans with exception of 52 for Miscellaneous 2% @ 62

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

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

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Report on Internal Controls and Compliance

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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, 2021 and 2020 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 June 27, 2022.

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
Cypress, California
June 27, 2022

Draft Subject to Board Approval

La Puente Valley County Water District

Management Report

December 31, 2021

Board Presentation Version

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, 2021, 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, 2021.

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, 2020.

* * * * *

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
Cypress, California
June 27, 2022

APPENDIX

La Puente Valley County Water District

Audit/Finance Committee Letter

December 31, 2021

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, 2021 and have issued our report thereon dated June 27, 2022. 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 17, 2021. 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 17, 2021, 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 17, 2021. 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 2021 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 (OPEB) plan: deferred outflows of resources, net OPEB liability, and deferred inflows of resources are 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 the other post-employment benefits plan, in Note 8 to the basic financial statements is based on information which could differ from those in future periods.

The disclosure of the defined benefit pension plan in Note 9 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 nine total adjustments recorded to the original trial balance presented to us to begin our audit. Of the nine adjustments all were prepared by the auditor. Eight of the nine entries were for the purpose of recording adjustments for pension (GASB 68) and OPEB (GASB 75). 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 June 27, 2022.

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 Roy Frausto, General Manager, Gina Herrera, Office Manager, and Cindy Byerrum of Eide Bailly, 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.

**La Puente Valley County Water District
Schedule of Audit Adjusting Journal Entries
December 31, 2021**

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
AJE - To reclassify Classic and PEPRA portion of Unfunded Liability recorded in prepaid which is already accounted for the in GASB 68 adjustments at December 31, 2021.			
5069-00	GASB 68 EXP (INC)	29,085.50	
5069-00	GASB 68 EXP (INC)	1,327.50	
1440-00	Prepaid Expense		29,085.50
1440-00	Prepaid Expense		1,327.50
Total		30,413.00	30,413.00
Adjusting Journal Entries JE # 2			
GASB 68 Entry #1 - To reclassify 2020 contributions to NPL at December 31, 2021.			
2500-00	Net Pension Liability	101,412.00	
1468-00	Def Out-ER cont after MD PEPRA		8,496.00
1469-00	Def Out-ER Cont after M/D class		43,493.00
1470-00	DefOut-ER Cont after MDLump Sum		49,423.00
Total		101,412.00	101,412.00
Adjusting Journal Entries JE # 3			
GASB 68 Entry #2 - To reclassify 2021 contributions to deferred outflows of resources at December 31, 2021.			
1468-00	Def Out-ER cont after MD PEPRA	14,555.00	
1469-00	Def Out-ER Cont after M/D class	29,506.00	
1470-00	DefOut-ER Cont after MDLump Sum	60,826.00	
5069-00	GASB 68 EXP (INC)		104,887.00
Total		104,887.00	104,887.00
Adjusting Journal Entries JE # 4			
GASB 68 Entry #3 - To record changes in pension liability during FY20/21 at December 31, 2021.			
1466-00	Def Out-Diff in Experience	17,052.00	
1502-00	Def Out - Proportions	72,826.00	
2500-00	Net Pension Liability	430,080.00	
2503-00	Def Inflows-Earnings Difference	23,748.00	
1503-00	Def Out - Earnings Difference		23,748.00
2503-00	Def Inflows-Earnings Difference		334,802.00
2505-00	Def Inf- change in assumption		2,661.00
2506-00	Pension DIR - Def In Diff in Contributions		30,717.00
5069-00	GASB 68 EXP (INC)		151,778.00
Total		543,706.00	543,706.00
Adjusting Journal Entries JE # 5			
GASB 68 Entry #4 - To record changes in the deferred outflows and deferred inflows (amortization) during FY20/21 at December 31, 2021.			
2503-00	Def Inflows-Earnings Difference	77,173.00	
2505-00	Def Inf- change in assumption	8,363.00	
2506-00	Pension DIR - Def In Diff in Contributions	28,677.00	
1466-00	Def Out-Diff in Experience		28,204.00
1502-00	Def Out - Proportions		57,763.00
5069-00	GASB 68 EXP (INC)		28,246.00
Total		114,213.00	114,213.00

**La Puente Valley County Water District
Schedule of Audit Adjusting Journal Entries
December 31, 2021**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 6			
GASB 75 Entry #1 - To reclassify 2020 contributions to NOL at December 31, 2021.			
2294-00	OPEB Liability	95,993.00	
1551-00	OPEB DOR - Contributions		95,993.00
Total		95,993.00	95,993.00
Adjusting Journal Entries JE # 7			
GASB 75 Entry #2 - To reclassify 2021 contributions to deferred outflows of resources at December 31, 2021.			
1551-00	OPEB DOR - Contributions	90,457.00	
8998-00	OPEB GASB 75 expense		90,457.00
Total		90,457.00	90,457.00
Adjusting Journal Entries JE # 8			
GASB 75 Entry #3 - To record changes in OPEB liability during FY20/21 at December 31, 2021.			
2552-00	DIR - OPEB Related	117,536.00	
8998-00	OPEB GASB 75 expense	52,176.00	
1552-00	OPEB DOR - OPEB related		24,717.00
2294-00	OPEB Liability		52,856.00
2552-00	DIR - OPEB Related		92,139.00
Total		169,712.00	169,712.00
Adjusting Journal Entries JE # 9			
GASB 75 Entry #4 - To record changes in the deferred outflows and deferred inflows (amortization) during FY20/21 at December 31, 2021.			
2552-00	DIR - OPEB Related	19,566.00	
2552-00	DIR - OPEB Related	34,346.00	
8998-00	OPEB GASB 75 expense	58,460.00	
1552-00	OPEB DOR - OPEB related		112,372.00
Total		112,372.00	112,372.00
Total Adjusting Journal Entries		1,363,165.00	1,363,165.00
Total All Journal Entries		1,363,165.00	1,363,165.00

Legend:

AJE	Auditor Proposed Adjusting Journal Entry
GASB 68 Entry	GASB 68 Implementation Adjusting Journal Entry - Year 7
GASB 75 Entry	GASB 75 Implementation Adjusting Journal Entry - Year 4



RESOLUTION NO. 282

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE LA PUENTE VALLEY COUNTY WATER DISTRICT
PROCLAIMING A STATE OF EMERGENCY PERSISTS, RE-RATIFYING THE
PROCLAMATION OF A STATE OF EMERGENCY BY GOVERNOR GAVIN NEWSOM,
AND RE-AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE BOARD OF
DIRECTORS OF LA PUENTE VALLEY COUNTY WATER DISTRICT FOR THE PERIOD
JUNE 25, 2022, TO JULY 24, 2022, PURSUANT TO BROWN ACT PROVISIONS.**

WHEREAS, the La Puente Valley County Water District (the “District”) is committed to preserving and nurturing public access and participation in meetings of its Board of Directors; and

WHEREAS, all meetings of the District’s Board of Directors and its standing committees are open and public, as required by the Ralph M. Brown Act (California Government Code Sections 54950 – 54963), so that any member of the public may attend, participate, and watch those bodies conduct their business; and

WHEREAS, the Brown Act, in Government Code Section 54953(e), makes provision for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code Section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition for application of Section 54953(e) is that a state of emergency is declared by the Governor pursuant to Government Code Section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code Section 8558; and

WHEREAS, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within the District’s boundaries, caused by natural, technological or human-caused disasters; and

WHEREAS, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, the Board of Directors previously adopted a Resolution, Resolution No. 274 on October 25, 2021 finding that the requisite conditions exist for the District’s Board of Directors and standing committees to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of Section 54953; and

WHEREAS, as a condition of extending the use of the provisions found in Section 54953(e), the Board of Directors must reconsider the circumstances of the state of emergency that exists in the District, and the Board of Directors has done so; and;

WHEREAS, emergency conditions persist in the District, specifically, COVID-19, its Delta, Omicron, and BA.2 variant, remain highly contagious and, therefore, a threat to the health, safety and well-being of the District's employees, directors, vendors, contractors, customers and residents; and

WHEREAS, orders from the Los Angeles County Department of Public Health and regulations from the State of California impose limitations on gatherings and provide guidance on best practices with respect to actions to reduce the spread of COVID-19; and

WHEREAS, the District's Board of Directors does hereby find that a state of emergency exists within the District's service area as a result of the continuing presence of COVID-19 and resulting local, state and federal orders and guidance, which has caused, and will continue to cause, conditions of peril to the safety of persons within the District that are likely to be beyond the control of services, personnel, equipment, and facilities of the District, and the Board of Directors desires to affirm a local emergency exists and re-ratify the proclamation of state of emergency by the Governor of the State of California; and

WHEREAS, as a consequence of the local emergency, the Board of Directors does hereby find that the District's Board of Directors and all standing committees shall conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code Section 54953, as authorized by subdivision (e) of Section 54953, and that such legislative bodies shall continue to comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of Section 54953; and

WHEREAS, the District will continue to provide proper notice to the public regarding all District of Board of Directors' and standing committee meetings, in accordance with Government Code Section 54953(e)(2)(A) and shall provide notice to the public of how they may access any such meeting via call-in number and/or internet link.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF LA PUENTE VALLEY COUNTY WATER DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Affirmation that Local Emergency Persists. The Board of Directors hereby considers the conditions of the state of emergency in the District and proclaims that a local emergency persists throughout the District, and that conducting District Board of Directors and standing committee meetings virtually will minimize the possible spread COVID-19 and any variant thereof.

Section 3. Re-Ratification of Governor's Proclamation of a State of Emergency. The Board hereby ratifies the Governor of the State of California's Proclamation of State of Emergency regarding COVID-19, dated March 4, 2020.

Section 4. Remote Teleconference Meetings. The District's General Manager, or his delegee, and the Board of Directors and standing committees of the District are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, continuing to conduct open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) the expiration of thirty (30) days from the date this Resolution was adopted, as set forth below, or (ii) such time as the Board of Directors adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during

which the Board of Directors and standing committees of the District may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

PASSED AND ADOPTED by the Board of Directors of La Puente Valley County Water District this 27th day of June 2022, by the following vote:

AYES:

NOES:

ABSENT: None

ABSTAIN: None

William R. Rojas
President of the Board

ATTEST:

Roy Frausto
Board Secretary

Memo



To: Honorable Board of Directors
From: Paul Zampietro, Operations & Maintenance Superintendent
Date: June 27, 2022
Re: Monthly Operations & Maintenance Superintendent's Report

The following report summarizes La Puente Valley County Water District (LPVCWD) and City of Industry Waterworks System (CIWS) operational and compliance activities of May and since the last report to the Board. The report also includes the status of various projects for each system.

DISTRIBUTION, SUPPLY AND PRODUCTION

- Monthly Water Production Summary – Total production from the LPVCWD Wellfield for the month of May was 328.04 AF, of which 187.68 AF was delivered to Suburban Water Systems. CIWS Well No. 5 produced a total of 165.19 AF in the month of May. The May Monthly Production Report is provided as **Attachment 1**.
- Well Water Levels and Pumping Rates - The latest static water level, pumping water level, and pumping rate for LPVCWD and CIWS are as shown in the table below.

Well	Static Water Level (Ft)			Pumping Water Level (Ft)			Drawdown (Ft)	Current GPM Pumping Rate	Specific Capacity (gpm/ft)
	2021	2022	Difference Current - 2021 (%)	2021	2022	Difference Current - 2021 (%)			
LPVCWD 2	155	162	-4.5%	195	179	8.2%	17	825	48.5
LPVCWD 3	154	159	-3.2%	160	170	-6.3%	11	1,029	93.5
LPVCWD 5	140.5	146	-3.9%	183	172	6.0%	26	1,554	59.8
COI 5	104	110	-5.8%	138	155	-12.3%	45	1,237	27.5

- Monthly Water Conservation – A summary of LPVCWD and CIWS water systems usage for the past 6 months as compared to the calendar year 2013 is shown below.

LPVCWD Monthly Water Consumption

Month	2013	2021-22	Difference Current-2013	Accumulative Difference (%)
December	133.13	100.49	-24.5%	-24.5%
January	115.58	107.95	-6.6%	-15.6%
February	112.08	111.95	-0.1%	-10.4%
March	135.08	129.15	-4.4%	-8.9%
April	153.73	121.02	-21.3%	-11.4%
May	174.40	140.36	-19.5%	-12.7%

CIWS Monthly Water Consumption

Month	2013	2021-22	Difference Current-2013	Accumulative Difference (%)
December	99.84	84.43	-15.4%	-15.4%
January	90.55	81.27	-10.2%	-12.8%
February	81.62	85.82	5.1%	-6.8%
March	99.40	99.98	0.6%	-5.0%
April	115.82	99.61	-14.0%	-6.8%
May	147.93	112.94	-23.7%	-9.6%

CAPITAL / OTHER PROJECTS

1. LPVCWD Recycled Water Project

- The project is pending the easement finalization; once completed, Staff will coordinate with the SCE planner to schedule powerlines and energize the pedestal.

2. LPVCWD PVOU IZ Project and SZ-South Project

- Staff has continued conducting bi-weekly project meetings with RC Foster to perform the plant system running, and the RO system is flushed daily. Also, District staff continues to work with RC Foster to conduct operational testing for the new PVOU-IZ Treatment Plant.
- District staff has begun working closely with RC Foster in overseeing plant operation and startup. In addition, Operators have started the process of training on treatment systems in preparing for the transition plant operations in the coming months.
- RC Foster has continued to conduct onsite construction for the new PVOU-SZ Treatment Plant. Recent construction activities have included access road grading & preparations for paving, installation of containment wall access steps, and construction of the concrete swales.

3. Distribution Leak Repairs & Maintenance – Field staff has performed various replacements and leak repairs to the water distribution systems in May. They have repaired and replaced: 3 water service lines, 1 fire hydrant replacement, 15 meter replacements, and 3 curb stop valves.

4. Nitrate Treatment System Project Updates – The contractor has completed the installation and mounting of the treatment vessels. And in the process of completing the yard piping installation, which will connect the new nitrate system to the existing treatment plant. Over the coming weeks, crews will complete the installation of all process piping inside the building. The project team anticipates a tentative schedule for startup testing to begin in early October.

DEVELOPMENT PROJECTS

1. LPVCWD New Development Project Bliss Carwash – Staff is currently scheduling the installation of a new 2-inch water service line supporting the redevelopment property at 120 N. Hacienda Blvd. In addition, the project consists of the construction of a new drive-through car wash facility.
2. LPVCWD ADU Project at 222 N. First St – Customer has requested installing a new ¾-inch water meter service for a 550 SF Accessory Dwelling Unit. Staff completed the new service installation and activated the ADU project's water meter.
3. LPVCWD New Development Project at 658 Del Valle Avenue – Customer has requested three new water services for the housing and redevelopment project at 658 Del Valle Ave. The project consists of three new one-story single-family homes. Staff has provided a cost estimate letter for the project related to the construction of the new water services and water system capacity fees.

La Puente Valley County Water District

PRODUCTION REPORT - MAY 2022

LPVCWD PRODUCTION	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2022 YTD	2021
Well No. 2	134.64	111.29	70.40	104.59	112.79								533.71	478.27
Well No. 3	0.05	0.00	0.00	0.00	4.43								4.48	52.72
Well No. 5	188.55	171.84	212.26	198.45	210.83								981.93	3199.50
Interconnections to LPVCWD	2.25	1.06	2.27	1.43	2.38								9.39	27.45
<u>Subtotal</u>	<u>325.50</u>	<u>284.19</u>	<u>284.93</u>	<u>304.47</u>	<u>330.42</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1529.51</u>	3757.93
Interconnections to SWS	214.56	171.73	152.77	181.60	187.68								908.34	2119.58
Interconnections to COI	2.98	0.51	3.01	1.86	2.38								10.74	32.46
Interconnections to Others	0.00	0.00	0.00	0.00	0.00								0.00	0.00
<u>Subtotal</u>	<u>217.54</u>	<u>172.24</u>	<u>155.78</u>	<u>183.46</u>	<u>190.06</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>919.08</u>	2152.04
Total Production for LPVCWD	<u>107.95</u>	<u>111.95</u>	<u>129.15</u>	<u>121.02</u>	<u>140.36</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>610.43</u>	1605.90
CIWS PRODUCTION														
<u>COI Well No. 5 To SGVCW B5</u>	188.24	172.46	169.47	152.15	165.19								847.51	2157.37
<u>Interconnections to CIWS</u>														
SGVWC Salt Lake Ave	0.85	0.39	0.43	0.43	0.57								2.67	6.55
SGVWC Lomitas Ave	79.69	85.98	98.81	98.75	109.99								473.22	1268.21
SGVWC Workman Mill Rd	0.00	0.00	0.00	0.00	0.00								0.00	0.02
Interconnections from LPVCWD	2.98	0.51	3.01	1.86	2.38								10.74	32.46
<u>Subtotal</u>	<u>83.52</u>	<u>86.88</u>	<u>102.25</u>	<u>101.04</u>	<u>112.94</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>486.63</u>	1307.24
Interconnections to LPVCWD	2.25	1.06	2.27	1.43	2.38								9.39	27.45
Total Production for CIWS	<u>81.27</u>	<u>85.82</u>	<u>99.98</u>	<u>99.61</u>	<u>110.56</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>477.24</u>	1279.79

Memo



To: Honorable Board of Directors
From: Cesar A. Ortiz, Water Treatment & Supply Superintendent
Date: June 27, 2022
Re: Monthly Water Treatment & Supply Superintendent Report

The following report summarizes La Puente Valley County Water District (LPVCWD) and City of Industry Waterworks System (CIWS) operational and compliance activities of the previous month and since the last report to the Board. The report also includes the status of various projects for each system.

WATER QUALITY / COMPLIANCE

- Distribution System Monitoring – District Staff collected all required water quality samples from both distribution systems for the month of May; approximately **52** samples were collected. All results met State and Federal drinking water quality regulations.
- Source Monitoring – All water quality samples were collected from all the wells, as required. Approximately **173** samples were collected. The table below summarizes LPVCWD Wells' current water quality for constituents of concern. The Bi-monthly Nitrate Concentrations for SP-6 and SP-10 is provided as *Attachment 1*.

Well Sampled	CTC	TCE	PCE	Perchlorate	1,4-Dioxane	NDMA	Nitrate
	MCL= 6 ppb	MCL= 5 ppb	MCL= 5 ppb	MCL=6 ppb	NL= 1 ppb	NL= 10 ppt	MCL=10 ppm
LPVCWD 2	1.5	29	1.8	20	0.70	35	6.5
LPVCWD 3	ND	ND	ND	8.5	ND	ND	8.5
LPVCWD 5	ND	5.1	.6	12	0.20	5.8	8.1

OPERATIONAL UPDATES & PROJECTS

- 1) Follow up to LPVCWD Well No. 3 Motor Failure on January 18 – Repairs and re-installation of Well No. 3 was completed on May 17, 2022, the well was run overnight for quarterly sampling that was conducted the following day.
- 2) CIWS Well No. 5 follow up - The Well is running and supplying water to SGVWC's B-5 facility in Hand operation, under the request of SGVWC. Parts for the electrical repairs are on order to return the control of the well to Auto, control issues were found to be in the Tesco panel and therefore SGVWC will have those repairs completed by Tesco.
- 3) Staff was involved and had some participation in the scheduled rebuilding and repairs of ClaVal valves at CIWS Pump Station No. 1 (2 valves), Pump Station No. 2 (2 valves) and Lomitas Reservoir Inlet (1 altitude valve).
- 4) Treatment Plant Repairs & Maintenance – Staff has performed various weekly chemical calibrations, monthly analyzer cleanings and calibrations, chemical feed systems repairs, analyzer probe replacement, SPIX pre-filter change-outs, daily treatment plant rounds and monthly reporting.