



AGENDA

**REGULAR MEETING OF THE BOARD OF DIRECTORS
LA PUENTE VALLEY COUNTY WATER DISTRICT
112 N. FIRST STREET, LA PUENTE, CALIFORNIA
MONDAY, JUNE 12, 2023, AT 4:30 PM**

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL OF BOARD OF DIRECTORS

President Hernandez____ Vice President Rojas____ 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 Regular Meeting of the Board of Directors held on May 22, 2023.
- B. Approval of District's Expenses for the Month of May 2023.
- C. Approval of City of Industry Waterworks System Expenses for the Month of May 2023.

- D. Receive and File the District's Water Sales Report for May 2023.
- E. Receive and File the City of Industry Waterworks System's Water Sales Report for May 2023.

7. PRESENTATION BY FEDAK & BROWN LLP OF THE DISTRICT'S 2022 AUDITED FINANCIAL REPORT

8. ACTION / DISCUSSION ITEMS

- A. Acceptance of the District's 2022 Audited Financial Report
Recommendation: Receive and File
- B. Consideration to Declare a Stage 1 Water Supply Emergency as Defined in the District's Resolution No. 273, Water Use Efficiency Practices and Water Conservation Measures.
Recommendation: Declare a Stage 1 Water Supply Emergency.
- C. Consideration of the District's 2022 Consumer Confidence Report.
Recommendation: Approve the District's 2022 Consumer Confidence Report for Distribution of the District's Customers

9. OPERATIONS AND MAINTENANCE SUPERINTENDENT'S REPORT

Recommendation: Receive and File

10. TREATMENT AND SUPPLY SUPERINTENDENT'S REPORT

Recommendation: Receive and File

11. GENERAL MANAGER'S REPORT

12. OTHER ITEMS

- A. Upcoming Events.
- B. Information Items.

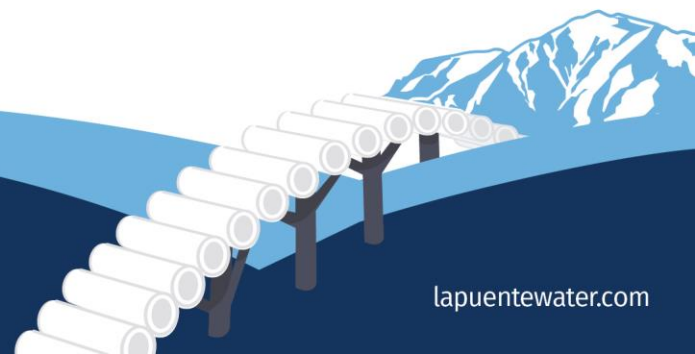
13. ATTORNEY'S COMMENTS

14. BOARD MEMBER COMMENTS

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

15. FUTURE AGENDA ITEMS

16. ADJOURNMENT

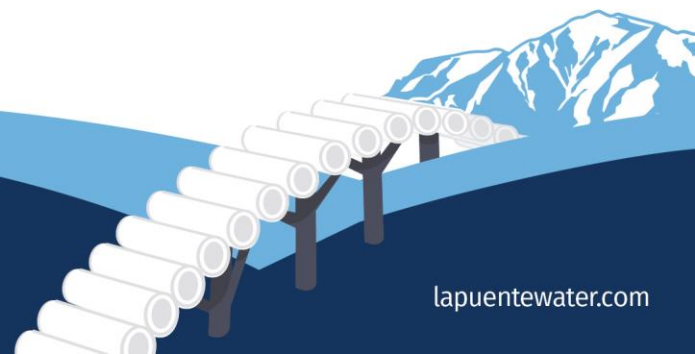


POSTED: Friday, June 9, 2023

President Henry P. Hernandez, 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.





Item 6 Consent Calendar



**MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
LA PUENTE VALLEY COUNTY WATER DISTRICT
FOR MONDAY, MAY 22, 2023, AT 4:30 PM**

1. CALL TO ORDER

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

2. PLEDGE OF ALLEGIANCE

President Hernandez led the meeting in the Pledge of Allegiance.

3. ROLL CALL OF THE BOARD OF DIRECTORS

President Hernandez	Vice President Rojas	Director Argudo	Director Barajas	Director Escalera
Present	Present	Absent	Present	Present

OTHERS PRESENT

Staff and Counsel: General Manager & Board Secretary, Roy Frausto; Customer Service & Accounting Supervisor, Shaunte Maldonado; Customer Service and Accounting Clerk II, Vanessa Koyama; Operations & Maintenance Superintendent, Paul Zampiello; and Water Treatment & Supply Superintendent, Cesar Ortiz all present. District Counsel, Thomas Bunn, present via conference call.

Public: None.

4. PUBLIC COMMENTS

No comments from the public.

5. ADOPTION OF AGENDA

Motion: Adopt Agenda as Presented.

1st: Director Escalera

2nd: Vice President Rojas

	Hernandez	Rojas	Argudo	Barajas	Escalera
Vote	Yes	Yes	Absent	Yes	Yes

Motion carried by a vote of: 4 Yes, 0 No, 0 Abstain, 1 Absent.

6. APPROVAL OF CONSENT CALENDAR

Motion: Approve Consent Calendar as Presented.

1st: President Hernandez

2nd: Director Barajas

	Hernandez	Rojas	Argudo	Barajas	Escalera
Vote	Yes	Yes	Absent	Yes	Yes

Motion carried by a vote of: 4 Yes, 0 No, 0 Abstain, 1 Absent.

7. FINANCIAL REPORTS

A. Summary of the District's Cash and Investments as of April 30, 2023.

Mr. Frausto provided a summary of the balances in each account provided in the Summary of Cash and Investments.

Motion: Receive and File the Summary of Cash and Investments as of April 30, 2023.

1st: Vice President Rojas

2nd: President Hernandez

	Hernandez	Rojas	Argudo	Barajas	Escalera
Vote	Yes	Yes	Absent	Yes	Yes

Motion carried by a vote of: 4 Yes, 0 No, 0 Abstain, 1 Absent.

B. Statement of District's Revenue and Expenses as of April 30, 2023.

Mr. Frausto provided a summary of the Statement of Revenues and Expenses for the District as of April 30, 2023.

Motion: Receive and File the Statement of the District's Revenue and Expenses as of April 30, 2023.

1st: President Hernandez

2nd: Director Barajas

	Hernandez	Rojas	Argudo	Barajas	Escalera
Vote	Yes	Yes	Absent	Yes	Yes

Motion carried by a vote of: 4 Yes, 0 No, 0 Abstain, 1 Absent.

C. Statement of the Industry Public Utilities' Water Operations Revenue and Expenses as of April 30, 2023.

Mr. Frausto provided a summary of the Statement of Revenues and Expenses for the Industry Public Utilities' Water Operations.

Motion: Receive and File the Statement of the Industry Public Utilities Water Operations' Revenue and Expenses as of April 30, 2023.

1st: President Hernandez

2nd: Vice President Rojas

	Hernandez	Rojas	Argudo	Barajas	Escalera
Vote	Yes	Yes	Absent	Yes	Yes

Motion carried by a vote of: 4 Yes, 0 No, 0 Abstain, 1 Absent.

8. ACTION / DISCUSSION ITEMS

A. Consideration of Lease of Main San Gabriel Basin Production Rights from Mary K. Partridge.

Mr. Frausto discussed leasing groundwater from Ms. Mary K. Partridge early for the 2023-24 year.

Motion: Authorize the General Manager to Lease 335.39 Acre-Feet of 23-24 Main San Gabriel Basin Production Rights from Mary K. Partridge.

1st: Director Escalera

2nd: Director Barajas

	Hernandez	Rojas	Argudo	Barajas	Escalera
Vote	Yes	Yes	Absent	Yes	Yes

Motion carried by a vote of: 4 Yes, 0 No, 0 Abstain, 1 Absent

B. Consideration of Job Description and Salary Range for the Human Resources Coordinator / Administrative Assistant Position.

Mr. Frausto directed the Board to the staff report PowerPoint and discussed the necessity for a Human Resource / Administrative Assistant.

Motion: Approve the Proposed Job Description and Salary Range for the Human Resources Coordinator / Administrative Assistant Position.

1st: Director Barajas

2nd: Vice President Rojas

	Hernandez	Rojas	Argudo	Barajas	Escalera
Vote	Yes	Yes	Absent	Yes	Yes

Motion carried by a vote of: 4 Yes, 0 No, 0 Abstain, 1 Absent.

C. Consideration of Investments of the District’s Reserve Funds.

Mr. Frausto discussed the benefits of transferring the District’s funds to the LAIF account to potentially earn passive income.

Motion: Approve the Transfer of \$1,275000 from the Districts Checking Account to the Districts Local Agency Investment Fund (LAIF) account.

1st: President Hernandez

2nd: Director Barajas

	Hernandez	Rojas	Argudo	Barajas	Escalera
Vote	Yes	Yes	Absent	Yes	Yes

Motion carried by a vote of: 4 Yes, 0 No, 0 Abstain, 1 Absent.

D. Consideration of Proposal from Evoqua Water Technologies for Single Pass Ion Exchange Resin Replacement Services.

Mr. Ortiz provided a summary of the staff report regarding securing the contract with Evoqua Water for Single Pass Ion Exchange Resin Replacement Service.

Motion: Authorize the General Manager to Enter into an Agreement with Evoqua Water Technologies for Single Pass Ion Exchange Resin Replacement Services for \$135,414.74

1st: Vice President Rojas

2nd: President Hernandez

	Hernandez	Rojas	Argudo	Barajas	Escalera
Vote	Yes	Yes	Absent	Yes	Yes

Motion carried by a vote of: 4 Yes, 0 No, 0 Abstain, 1 Absent.

E. Consideration of Award of Contract to RC Foster Corporation for the Construction of the 111 Hudson PVOU Interconnection.

Mr. Frausto discussed the different proposals received and the best contractor for the District in handling the PVOU IZ interconnection.

Motion: Award Contract to RC Foster Corporation for the Amount of \$286,618. In addition, authorize a 10% contingency amount of \$28,661.80 for the construction contract.

1st: President Hernandez

2nd: Director Barajas

	Hernandez	Rojas	Argudo	Barajas	Escalera
Vote	Yes	Yes	Absent	Yes	Yes

Motion carried by a vote of: 4 Yes, 0 No, 0 Abstain, 1 Absent

F. Consideration of Donation of Water to the La Puente Community Foundation.

Mr. Frausto discussed periodically donating water to the various programs supported by La Puente Community foundation.

Motion: Donate Water to the La Puente Community Foundation.

1st: Director Barajas

2nd: Vice President Rojas

	Hernandez	Rojas	Argudo	Barajas	Escalera
Vote	Yes	Yes	Absent	Yes	Yes

Motion carried by a vote of: 4 Yes, 0 No, 0 Abstain, 1 Absent

9. OPERATIONS AND MAINTENANCE SUPERINTENDENT’S REPORT

Mr. Zampiello updated the Board on the current well levels, water consumption and current projects.

Motion: Receive and File the Treatment and Supply Superintendent’s Report.

1st: Director Escalera

2nd: President Hernandez

	Hernandez	Rojas	Argudo	Barajas	Escalera
Vote	Yes	Yes	Absent	Yes	Yes

Motion carried by a vote of: 4 Yes, 0 No, 0 Abstain, 1 Absent

10. TREATMENT AND SUPPLY SUPERINTENDENT’S REPORT

Mr. Ortiz updated the Board on water quality, compliance, and operations.

Motion: Receive and File the Treatment and Supply Superintendent’s Report.

1st: President Hernandez

2nd: Director Barajas

	Hernandez	Rojas	Argudo	Barajas	Escalera
Vote	Yes	Yes	Absent	Yes	Yes

Motion carried by a vote of: 4 Yes, 0 No, 0 Abstain, 1 Absent

11. GENERAL MANAGER’S REPORT

Mr. Frausto reported on the Baldwin Park Key Well, an increase in Watermaster Administrative fees and Phase 1 of the Recycled Water Project. He also reported that Distribution Supervisor, Keith Bowman, has been with the District for 23 years.

12. OTHER ITEMS

A. Upcoming Events

Mr. Frausto announced the upcoming events if any of the Board Members were interested in attending.

B. Information Items.

Included in Board Packet.

13. ATTORNEY’S COMMENTS

Mr. Thomas Bunn said he had nothing to report.

14. BOARD MEMBERS COMMENTS

A. Report on Events Attended.

President Hernandez and Director Escalera both reported that they attended two events: (1) ACWA Spring Conference in Monterey and (2) SGVWA Breakfast

Vice President Rojas reported that he attended one event (1) SGVWA Breakfast.

B. Other Comments.

Director Barajas wanted to say that the students at La Puente High School and Frankie are doing a fine job painting the mural.

15. FUTURE AGENDA ITEMS

None.

16. ADJOURNMENT

President Hernandez adjourned the meeting at 5:35 p.m.

Attest:

Henry P. Hernandez, President

Roy Frausto, Secretary



Item 6B
District's Expense

La Puente Water District May 2023 Disbursements

Check #	Payee	Amount	Description
10827	Petty Cash	\$ 137.13	Office Expense
10828	Alexandra Guevara	\$ 395.00	Cleaning Service
10829	Concentra	\$ 93.00	Administrative Expense
10830	Ferguson Waterworks	\$ 3,322.00	Inventory Expense
10831	Hach Company	\$ 15.92	Compliance
10832	Lagerlof LLP	\$ 2,030.00	Attorney Fee's
10833	Merritt's Hardware	\$ 354.17	Field Supplies
10834	Right of Way Inc	\$ 221.74	Traffic Control
10835	SC Edison	\$ 9,036.38	Power Expense
10836	Underground Service Alert	\$ 114.58	Line Notifications
10837	Vulcan Materials Company	\$ 391.17	Asphalt Expense
10838	Weck Laboratories Inc	\$ 595.30	Water Sampling
10839	Wesco Security Systems Inc	\$ 297.00	Security Monitoring
10840	Waste Management of SG Valley	\$ 230.72	Trash Service
10841	Citi Cards	\$ 3,810.94	Administrative Expense
10842	Verizon Wireless	\$ 114.03	Cellular Service
10843	Eurofins Eaton Analytical Inc	\$ 40.00	Water Sampling
10844	Grainger Inc	\$ 540.92	Field Supplies
10845	Hach Company	\$ 330.25	Testing Supplies
10846	McMaster-Carr Supply Co	\$ 199.81	Chemical Pump Repairs
10847	Trojan UV	\$ 53,810.07	UV Maintenance
10848	Weck Laboratories Inc	\$ 4,628.33	Water Sampling
10849	Weck Laboratories Inc	\$ 1,383.39	Water Sampling
10850	Northstar Chemical	\$ 13,021.53	Chemicals Expense
10851	Applied Technology Group Inc	\$ 30.00	Radio System
10852	Chevron	\$ 3,784.33	Truck Fuel
10853	Cintas	\$ 193.65	Uniform Expense
10854	CJ Brown & Company CPAs	\$ 3,326.00	Audit Service
10855	Continental Utility Solutions Inc	\$ 50.00	Billing Expense
10856	Corporate Billing LLC Dept	\$ 157.79	Truck Maintenance
10857	Highroad IT	\$ 1,946.70	Technical Support
10858	InfoSend	\$ 1,129.10	Billing Expense
10860	Peck Road Gravel	\$ 530.00	Concrete/Asphalt Expense
10861	SC Edison	\$ 303.46	Power Expense
10862	Valley Vista Services	\$ 394.54	Trash Service
10863	Weck Laboratories Inc	\$ 98.10	Water Sampling
10864	Western Water Works	\$ 2,955.65	Field Expense
10865	CJ Brown & Company CPAs	\$ 3,326.00	Audit Service
10866	John P Escalera	\$ 1,583.91	ACWA Spring Conference & Expo
10867	Continental Utility Solutions Inc	\$ 9.05	Billing Expense
10868	County Sanitation Dists of LA County	\$ 96.73	Refuse Fee's
10869	Grainger Inc	\$ 27.21	Field Supplies
10870	Hunter Electric	\$ 637.96	Booster 1 Electrical Repair
10871	Jack Henry & Associates	\$ 24.50	Web E-Check Fee's

La Puente Water District May 2023 Disbursements - continued

Check #	Payee	Amount	Description
10872	Public Water Agencies Group	\$ 578.25	Administrative Expense
10873	S & J Supply Co Inc	\$ 195.26	Field Supplies
10874	Spectrum Business	\$ 297.97	Telephone Service
10875	Weck Laboratories Inc	\$ 114.60	Water Sampling
10876	Spectrum Business	\$ 717.17	Telephone Service
10877	United Site Services	\$ 664.78	Restroom Service @ Treatment Plant
10878	Henry P Hernandez	\$ 1,565.59	ACWA Spring Conference & Expo
10879	ACWA/JPIA	\$ 38,032.70	Health Benefits
10880	Answering Service Care	\$ 77.43	Answering Service
10881	InfoSend	\$ 2.50	Billing Expense
10882	Jiffy Lube My Fleet Center	\$ 142.01	Truck Maintenance
10883	Lagerlof LLP	\$ 2,032.50	Attorney Fee's
10884	NBS	\$ 17,297.50	Water Rate Consulting
10885	Premier Access Insurance Co	\$ 3,318.75	Dental Insurance
10886	South Coast Air Quality Mgmt Dist	\$ 306.46	Annual Fee
10887	Spectrum Business	\$ 342.68	Telephone Service
10888	Staples	\$ 40.37	Office Supplies
10889	Sunbelt Rentals	\$ 388.15	Concrete Expense
10890	Verizon Wireless	\$ 95.00	Cellular Service
10891	Verizon Wireless	\$ 76.02	Cellular Service
10892	Weck Laboratories Inc	\$ 136.43	Water Sampling
10893	Western Water Works	\$ 1,386.34	Inventory Expense
10894	SC Edison	\$ 41,844.41	Power Expense
10895	Citi Cards	\$ 4,882.32	Administrative Expense
Online	Home Depot	\$ 497.76	Field Supplies
Autodeduct	Wells Fargo	\$ 204.48	Merchant Fee's
Autodeduct	First Data Global Leasing	\$ 44.00	Credit Card Machine Lease
Autodeduct	Bluefin Payment Systems	\$ 902.25	Web Merchant Fee's
Online	United States Treasury	\$ 35,288.98	Federal, Social Security & Medicare Taxes
Online	Employment Development Dept	\$ 5,898.94	California State & Unemployment Taxes
Online	Lincoln Financial Group	\$ 7,755.00	Deferred Comp
Online	CalPERS	\$ 26,806.63	Retirement Program
	Total Payments	\$ 307,651.29	

La Puente Valley County Water District
Payroll Summary
May 2023

	<u>May 23</u>
Employee Wages, Taxes and Adjustments	
Gross Pay	
Total Gross Pay	133,932.06
Deductions from Gross Pay	
457b Plan Employee	-7,755.00
CalPers EEC	-4,411.48
Total Deductions from Gross Pay	<u>-12,166.48</u>
Adjusted Gross Pay	121,765.58
Taxes Withheld	
Federal Withholding	-14,767.00
Medicare Employee	-1,944.94
Social Security Employee	-8,316.05
CA - Withholding	-5,887.46
Medicare Employee Addl Tax	0.00
Total Taxes Withheld	<u>-30,915.45</u>
Net Pay	<u><u>90,850.13</u></u>
Employer Taxes and Contributions	
Medicare Company	1,944.94
Social Security Company	8,316.05
CA - Unemployment	10.76
Bowman Vehicle	66.00
Ortiz Vehicle	66.00
Zampiendo Vehicle	66.00
CA - Employment Training Tax	0.72
Total Employer Taxes and Contributions	<u><u>10,470.47</u></u>

La Puente Water District May 2023 Disbursements

Total Vendor Payables	<u>\$ 307,651.29</u>
Total Payroll	<u>\$ 90,850.13</u>
Total May 2023 Disbursements	<u>\$ 398,501.42</u>



**Item 6C
City of Industry
Waterworks
System Expense**

Industry Public Utilities May 2023 Disbursements

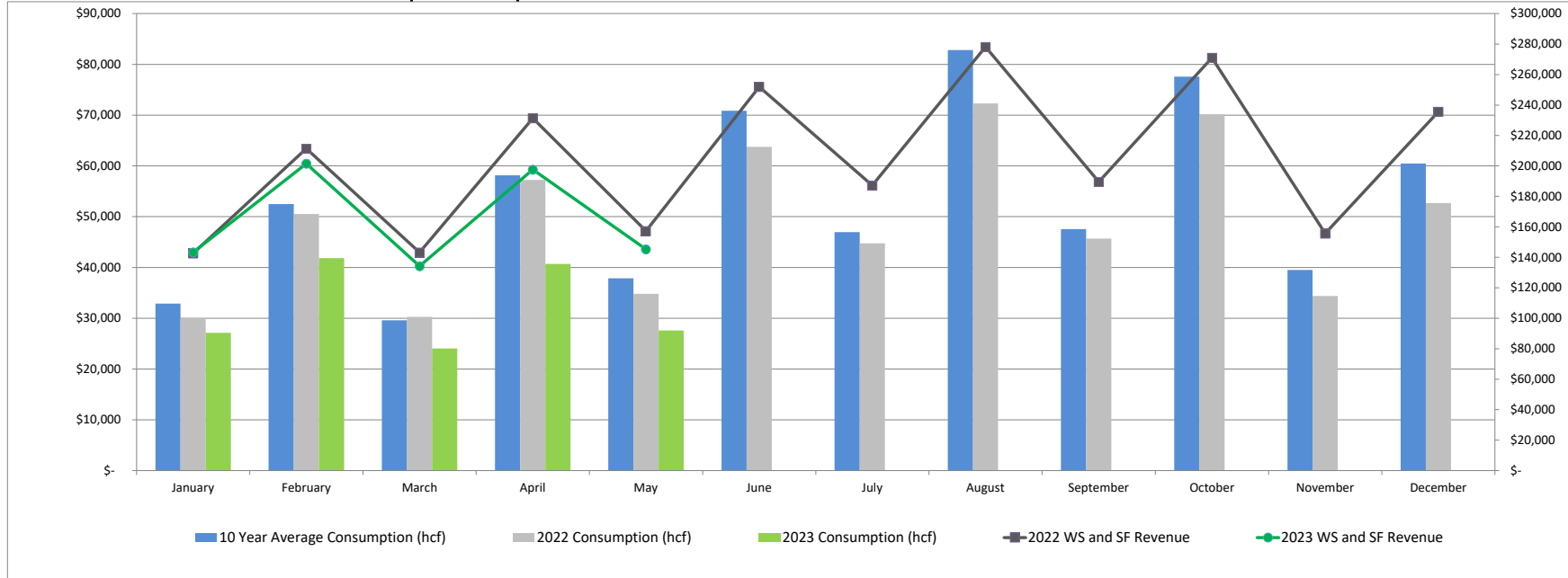
Check #	Payee	Amount	Description
5616	Petty Cash	\$ 7.50	Billing Expense
5617	Hach Company	\$ 15.92	Labor Costs April 2022
5618	Merritt's Hardware	\$ 144.66	Field Supplies
5619	Right of Way Inc	\$ 221.74	Asphalt & Concrete Disposal
5620	SoCal SCADA Solutions LLC	\$ 2,250.00	SCADA Software Upgrade
5621	Underground Service Alert	\$ 114.57	Line Notifications
5622	Vulcan Materials Company	\$ 391.17	Asphalt & Concrete
5623	Weck Laboratories Inc	\$ 253.50	Water Sampling
5624	Citi Cards	\$ 74.00	Administrative Expenses
5625	U.S. Postal Service	\$ 430.00	P.O. Box Renewal
5626	Cintas	\$ 193.62	Uniform Expense
5627	Continental Utility Solutions Inc	\$ 50.00	Billing Expense
5628	Highroad IT	\$ 1,297.80	Technical Support
5629	Hunter Electric	\$ 3,428.53	Booster Maintenance
5630	InfoSend	\$ 846.67	Billing Expense
5631	La Puente Valley County Water District	\$ 65,936.57	March 2023 Labor Costs
5632	La Puente Valley County Water District	\$ 59,942.75	April 2023 Labor Costs
5633	McCalls Meter Sales & Service	\$ 273.02	Interconnection Meter Repair
5635	Peck Road Gravel	\$ 530.00	Asphalt & Concrete
5636	SC Edison	\$ 14,808.12	Power Expense
5637	Spectrum Business	\$ 80.21	Telephone Service
5638	Weck Laboratories Inc	\$ 96.00	Water Sampling
5639	Western Water Works	\$ 119.07	Field Supplies
5640	Continental Utility Solutions Inc	\$ 9.05	Billing Expense
5641	Grainger Inc	\$ 27.21	Field Supplies
5642	Industry Public Utility Commission	\$ 1,199.43	Industry Hills Power Expense
5643	Janus Pest Management Inc	\$ 65.00	Rodent Control
5644	S & J Supply Co Inc	\$ 195.25	Field Supplies
5645	SoCal Gas	\$ 14.30	Gas Expense
5646	Spectrum Business	\$ 297.97	Telephone Service
5647	Stump Fence Co	\$ 7,900.00	Proctor Yard Fence Installation
5648	Weck Laboratories Inc	\$ 135.00	Water Sampling
5649	Answering Service Care	\$ 77.42	Answering Service
5650	SoCal Gas	\$ 14.30	Gas Expense
5651	Staples	\$ 40.37	Office Supplies
5652	Verizon Wireless	\$ 95.00	Cellular Service
5653	Verizon Wireless	\$ 76.02	Cellular Service
5654	Weck Laboratories Inc	\$ 118.50	Water Sampling
5655	San Gabriel Valley Water Company	\$ 1,267.75	Water Service
5656	Citi Cards	\$ 74.00	Administrative Expense
Online	Home Depot	\$ 385.68	Field Supplies
Autodeduct	Wells Fargo Merchant Fee's	\$ 66.68	Merchant Fee's
Autodeduct	Bluefin Payment Systems	\$ 1,536.41	Web Merchant Fee's
Autodeduct	Jack Henry & Associates	\$ 18.95	Web E-Check Fee's
Autodeduct	First Data Global Leasing	\$ 44.00	Credit Card Machine Lease - Monthly
Total May 2023 Disbursements		\$ 165,163.71	



Item 6D
District Water Sales

WATER SALES REPORT LPVCWD 2023

LPVCWD	January	February	March	April	May	June	July	August	September	October	November	December	YTD
No. of Customers	1,233	1,244	1,234	1,251	1,234	-	-	-	-	-	-	-	6,196
2023 Consumption (hcf)	27,134	41,823	24,043	40,698	27,589	-	-	-	-	-	-	-	161,287
2022 Consumption (hcf)	30,028	50,516	30,287	57,235	34,805	63,736	44,747	72,317	45,688	70,182	34,384	52,672	586,597
10 Year Average Consumption (hcf)	\$ 32,895	\$ 52,489	\$ 29,606	\$ 58,128	\$ 37,871	\$ 70,878	\$ 46,960	\$ 82,820	\$ 47,561	\$ 77,590	\$ 39,508	\$ 60,451	\$ 636,757
2023 Water Sales	\$ 75,152	\$ 119,224	\$ 65,978	\$ 115,709	\$ 77,412	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 453,476
2022 Water Sales	\$ 78,737	\$ 136,210	\$ 79,575	\$ 156,218	\$ 93,717	\$ 175,590	\$ 123,715	\$ 201,938	\$ 125,971	\$ 194,818	\$ 92,325	\$ 153,404	\$ 1,612,219
2023 Service Fees	\$ 68,131	\$ 82,296	\$ 68,280	\$ 81,830	\$ 67,901	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 368,437
2022 Service Fees	\$ 63,895	\$ 75,110	\$ 63,596	\$ 75,124	\$ 63,553	\$ 76,336	\$ 63,504	\$ 76,180	\$ 63,586	\$ 76,187	\$ 63,364	\$ 82,202	\$ 842,637
2023 WS and SF Revenue	\$ 143,283	\$ 201,520	\$ 134,258	\$ 197,538	\$ 145,313	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 821,914
2022 WS and SF Revenue	\$ 142,632	\$ 211,320	\$ 143,171	\$ 231,342	\$ 157,270	\$ 251,926	\$ 187,219	\$ 278,118	\$ 189,557	\$ 271,006	\$ 155,689	\$ 235,606	\$ 2,454,856
2023 Hyd Fees	\$ 950	\$ 750	\$ 950	\$ 750	\$ 950	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,350
2023 DC Fees	\$ 356	\$ 11,689	\$ 356	\$ 11,689	\$ 356	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,448
2023 System Revenue	\$ 144,590	\$ 213,960	\$ 135,565	\$ 209,978	\$ 146,620	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 850,711

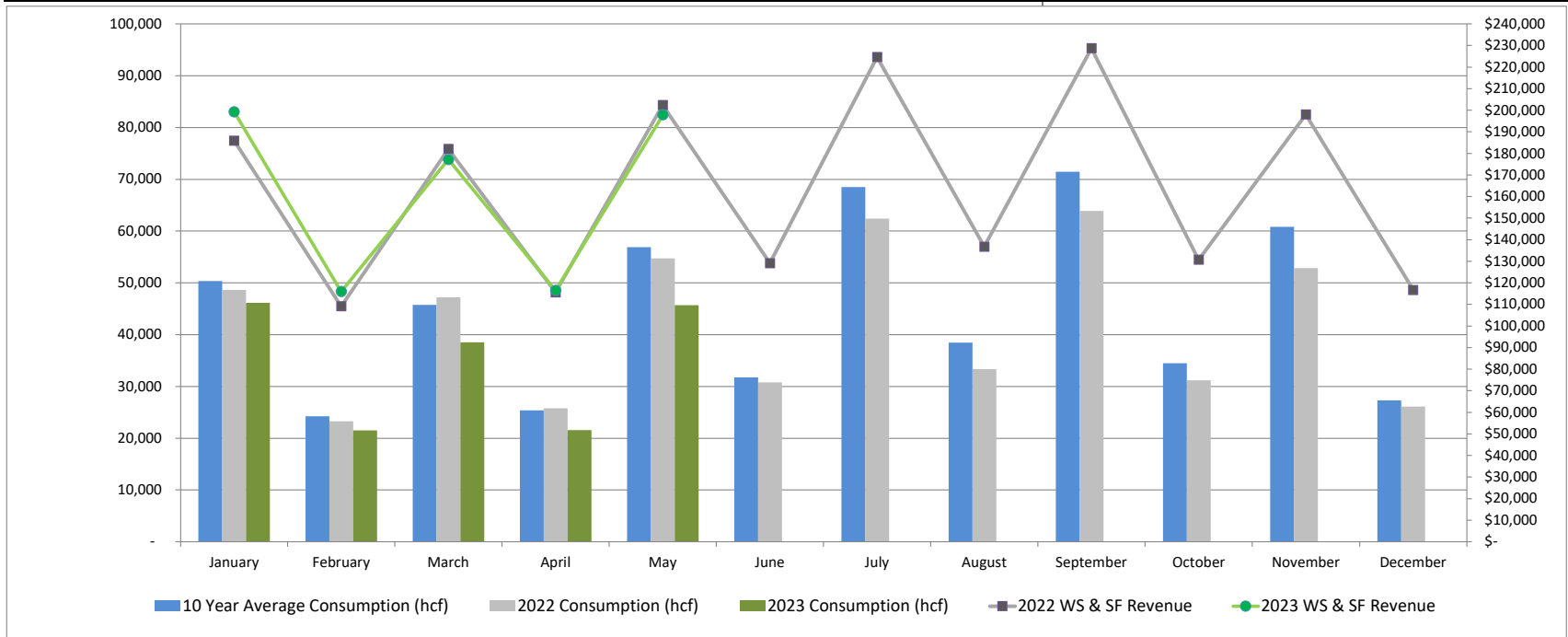




Item 6E
City of Industry
Waterworks System
Water Sales

WATER SALES REPORT CIWS 2023

CIWS	January	February	March	April	May	June	July	August	September	October	November	December	YTD
No. of Customers	967	892	967	891	965	-	-	-	-	-	-	-	4,682
2023 Consumption (hcf)	46,138	21,528	38,538	21,587	45,667	-	-	-	-	-	-	-	173,458
2022 Consumption (hcf)	48,649	23,297	47,199	25,789	54,759	30,786	62,388	33,319	63,877	31,199	52,840	26,093	500,195
10 Year Average Consumption (hcf)	50,340	24,264	45,724	25,354	56,891	31,739	68,515	38,483	71,435	34,483	60,845	27,324	535,396
2023 Water Sales	\$ 129,349	\$ 60,205	\$ 107,228	\$ 60,663	\$ 128,107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 485,552
2022 Water Sales	\$ 123,503	\$ 58,734	\$ 119,827	\$ 65,288	\$ 140,366	\$ 78,894	\$ 162,064	\$ 86,507	\$ 166,187	\$ 80,453	\$ 135,174	\$ 66,444	\$ 1,283,439
2023 Service Fees	\$ 69,937	\$ 55,806	\$ 69,959	\$ 55,844	\$ 69,765	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 321,311
2022 Service Fees	\$ 62,348	\$ 50,336	\$ 62,203	\$ 50,334	\$ 62,049	\$ 50,236	\$ 62,538	\$ 50,249	\$ 62,538	\$ 50,220	\$ 62,782	\$ 50,251	\$ 676,083
2023 Hyd Fees	\$ 1,550	\$ 300	\$ 1,550	\$ 300	\$ 1,550	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,250
2023 DC Fees	\$ 20,050	\$ 6,282	\$ 19,916	\$ 6,448	\$ 19,775	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,471
2023 System Revenues	\$ 220,886	\$ 122,593	\$ 198,653	\$ 123,255	\$ 219,197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 884,584



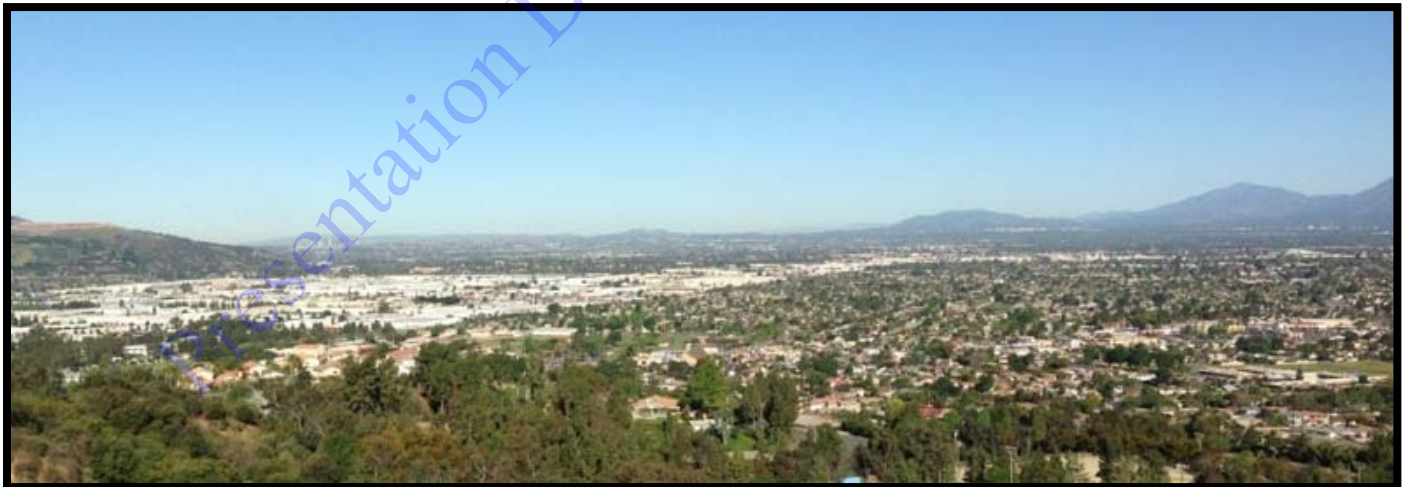


Item 8
Action / Discussion
Items



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

For the Fiscal Years Ended December 31, 2022 and 2021



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, 2022

Name	Title	Elected/ Appointed	Current Term
William R. Rojas	President	Elected	November 2024
Henry P. Hernandez	Vice President	Elected	November 2027
David Argudo	Director	Elected	November 2024
John P. Escalera	Director	Elected	November 2027
Cesar J. Barajas	Director	Elected	November 2027

**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, 2022 and 2021

Presentation Draft Subject to Approval

**La Puente Valley County Water District
Annual Financial Report
For the Fiscal Years Ended December 31, 2022 and 2021**

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Financial Section

Presentation Draft Subject to Approval

Presentation Draft Subject to Approval

Independent Auditor's Report

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

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the La Puente Valley County Water District (District) for the years ended December 31, 2022 and 2021, and the related statements of revenues, expenses, and changes in net position for the fiscal years then ended, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the La Puente Valley County Water District, as of December 31, 2022 and 2021, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Emphasis of Matter

As discussed in Note 12 to the financial statements, in fiscal year 2022, the District adopted the provisions of *Governmental Accounting Standards Board (GASB) Statement No. 87– Leases*.

As a result, the District has restated its net position to reflect the effects of the change in its accounting policy. Our opinion is not modified with respect to this matter.

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 55 through 58 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 12, 2023, 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 59 and 60.

C.J. Brown & Company, CPAs
Cypress, California
June 12, 2023

La Puente Valley County Water District
Management's Discussion and Analysis
For the Fiscal Years Ended December 31, 2022 and 2021

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, 2022 and 2021. 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 2022, the District's net position increased 3.47% or \$423,335 to \$12,610,471 as a result of ongoing operations. In fiscal year 2021, the District's net increased 7.44% or \$844,104 to \$12,187,136 as a result of ongoing operations.
- In fiscal year 2022, the District's total revenues increased 9.58% or \$530,732 to \$6,073,132. In fiscal year 2021, the District's total revenues increased 6.14% or \$320,566 to \$5,542,400.
- In fiscal year 2022, the District's total expenses increased 19.53% or \$1,006,994 to \$6,161,883. In fiscal year 2021, the District's total expenses decreased 3.73% or \$199,545 to \$5,154,889.
- In fiscal year 2022, the District's capital contributions increased 12.15% or \$55,493 to \$512,086. In fiscal year 2021, the District's capital contributions increased 129.03% or \$257,230 to \$456,593.

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, 2022 and 2021

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 16 through 54.

Statements of Net Position

Condensed Statements of Net Position					
	<u>2022</u>	<u>As Restated 2021</u>	<u>Change</u>	<u>As Restated 2020</u>	<u>Change</u>
Assets:					
Current assets	\$ 5,102,962	6,329,316	(1,226,354)	4,864,263	1,465,053
Non-current assets	791,477	198,791	592,686	208,770	(9,979)
Capital assets, net	<u>11,711,524</u>	<u>10,725,182</u>	<u>986,342</u>	<u>9,895,120</u>	<u>830,062</u>
Total assets	<u>17,605,963</u>	<u>17,253,289</u>	<u>352,674</u>	<u>16,900,615</u>	<u>(16,547,941)</u>
Deferred outflows of resources	<u>1,722,515</u>	<u>1,580,084</u>	<u>142,431</u>	<u>216,368</u>	<u>1,363,716</u>
Liabilities:					
Current liabilities	713,847	827,204	(113,357)	628,548	198,656
Non-current liabilities	<u>5,536,028</u>	<u>4,996,214</u>	<u>539,814</u>	<u>4,115,822</u>	<u>880,392</u>
Total liabilities	<u>6,249,875</u>	<u>5,823,418</u>	<u>426,457</u>	<u>4,744,370</u>	<u>1,079,048</u>
Deferred inflows of resources	<u>468,132</u>	<u>822,819</u>	<u>(354,687)</u>	<u>49,903</u>	<u>772,916</u>
Net position:					
Investment in capital assets	11,711,524	10,725,182	986,342	9,895,120	830,062
Unrestricted	<u>898,947</u>	<u>1,461,954</u>	<u>(563,007)</u>	<u>1,447,912</u>	<u>14,042</u>
Total net position	<u>\$ 12,610,471</u>	<u>12,187,136</u>	<u>423,335</u>	<u>11,343,032</u>	<u>844,104</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 \$12,610,471 and \$12,187,136 as of December 31, 2022 and 2021, respectively.

A portion of the District's net position, 92.87% and 88.00% as of December 31, 2022 and 2021, 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 2022 and 2021, the District showed a positive balance in its unrestricted net position of \$898,947 and \$1,461,954, respectively. See Note 11 for further information.

La Puente Valley County Water District
Management's Discussion and Analysis
For the Fiscal Years Ended December 31, 2022 and 2021

Statements of Revenues, Expenses, and Changes in Net Position

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

	<u>2022</u>	<u>As Restated 2021</u>	<u>Change</u>	<u>As Restated 2020</u>	<u>Change</u>
Revenues:					
Operating revenues	\$ 5,680,333	5,160,511	519,822	4,828,829	331,682
Non-operating revenues	392,799	381,889	10,910	393,005	(11,116)
Total revenues	<u>6,073,132</u>	<u>5,542,400</u>	<u>530,732</u>	<u>5,221,834</u>	<u>320,566</u>
Expenses:					
Operating expenses	5,556,577	4,564,859	991,718	4,798,527	(233,668)
Non-operating expense	91,801	70,351	21,450	37,781	32,570
Depreciation expense	513,505	519,679	(6,174)	518,126	1,553
Total expenses	<u>6,161,883</u>	<u>5,154,889</u>	<u>1,006,994</u>	<u>5,354,434</u>	<u>(199,545)</u>
Net (loss) income before capital contributions	<u>(88,751)</u>	<u>387,511</u>	<u>(476,262)</u>	<u>(132,600)</u>	<u>520,111</u>
Capital contributions	<u>512,086</u>	<u>456,593</u>	<u>55,493</u>	<u>199,363</u>	<u>257,230</u>
Change in net position	423,335	844,104	(420,769)	66,763	777,341
Net position, beginning of year, as restated	<u>12,187,136</u>	<u>11,343,032</u>	<u>844,104</u>	<u>11,276,269</u>	<u>66,763</u>
Net position, end of year	<u>\$ 12,610,471</u>	<u>12,187,136</u>	<u>423,335</u>	<u>11,343,032</u>	<u>844,104</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 3.47% or \$423,335 to \$12,610,471 due to a decrease of \$88,751 from ongoing operations offset by \$512,086 in capital contributions for the current year. In fiscal year 2021, the District's net position increased 7.44% or \$844,104 to \$12,187,136 due to an increase of \$387,511 from ongoing operations and by \$456,593 in capital contributions.

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

The District's total revenues increased 9.58% or \$530,732 to \$6,073,132. In fiscal year 2021, the District's total revenues increased 6.14% or \$320,566 to \$5,542,400 from 2020.

The District's operating revenues increased 10.07% or \$519,822 to \$5,680,333, due primarily to increases of \$260,386 in water treatment services – Baldwin Park Operable Unit (BPOU), \$172,111 in project contracted labor (PVOU IZ), \$69,953 in bi-monthly service charges, \$33,104 in retail water distribution system contracted labor – City of Industry, \$31,557 in other water service charges, and \$22,828 in water surplus sales which were offset by decreases of \$53,750 in project management fees (PVOU IZ) and \$31,561 in project administrative expenses (PVOU IZ) as compared to prior year. In fiscal year 2021, 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.

La Puente Valley County Water District
Management's Discussion and Analysis
For the Fiscal Years Ended December 31, 2022 and 2021

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

The District's non-operating revenues increased 2.86% or \$10,910 to \$392,799, due primarily to an increase of \$30,635 in property taxes offset by a decrease of \$15,787 in other non-operating revenues as compared to prior year. In fiscal year 2021, the District's non-operating revenues decreased 2.83% or \$11,116 to \$381,889, 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.

The District's total expenses increased 19.53% or \$1,006,994 to \$6,161,883. In fiscal year 2021, the District's total expenses decreased 3.73% or \$199,545 to \$5,154,889.

The District's operating expenses increased 21.73% or \$991,718 to \$5,556,577, due primarily to increases of \$528,078 in salaries and benefits due primarily to the adjustments for GASB 68 and 75 in the current fiscal year, \$184,685 in water treatment service costs Baldwin Park Operable Unit (BPOU), \$172,111 in project contracted labor costs (PVOU IZ), \$76,464 in transmission and distribution, \$71,274 in pumping, and \$33,456 in retail water distribution system contracted costs for the City of Industry, which were offset by decreases of \$57,097 in source of supply and \$22,445 in general and administrative expenses as compared to the prior year. In fiscal year 2021, 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.

The District's non-operating expenses increased 30.49% or \$21,450 to \$91,801, due to an increase of \$26,109 in interest expense offset by a decrease of \$6,386 in loss from disposition of capital assets as compared to the prior year. In fiscal year 2021, the District's non-operating expenses increased 86.21% or \$32,750 to \$70,351, primarily due to increases of \$27,809 in interest expense 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.

The District's depreciation expense decreased 1.19% or \$6,174 to \$513,505 due primarily to prior year's the maturing of existing capital assets. In fiscal year 2021, 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.

The District's capital contributions increased 12.15% or \$55,493 to \$512,086, due primarily to increases of \$105,171 in developer contributions and \$74,070 in other local agency contributions, which were offset by a decrease of \$123,748 in developer fees as compared to the prior year. In fiscal year 2021, 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.

La Puente Valley County Water District
Management's Discussion and Analysis
For the Fiscal Years Ended December 31, 2022 and 2021

Capital Asset Administration

At the end of fiscal years 2022 and 2021, the District's investment in capital assets amounted to \$11,711,524 and \$10,725,182 (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 2022, were as follows:

	Balance 2021	Transfers/ Additions	Transfers/ Deletions	Balance 2022
Capital assets:				
Non-depreciable assets	\$ 3,745,333	1,553,969	(468,951)	4,830,351
Depreciable assets	25,307,666	414,830	(100,283)	25,622,213
Accumulated depreciation	(18,327,817)	(513,505)	100,282	(18,741,040)
Total capital assets, net	<u>\$ 10,725,182</u>	<u>1,455,294</u>	<u>(468,952)</u>	<u>11,711,524</u>

Changes in capital asset amounts for 2021, were as follows:

	Balance 2020	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	(17,921,885)	(519,679)	113,747	(18,327,817)
Total capital assets, net	<u>\$ 9,895,120</u>	<u>921,746</u>	<u>(91,684)</u>	<u>10,725,182</u>

Debt Administration

Changes in long-term debt amounts for 2022, were as follows:

	Balance 2021	Additions	Payments	Balance 2022
Long-term debt:				
Loans payable:				
Installment loan	\$ 2,880,075	-	(173,631)	<u>2,706,444</u>

In 2022, long-term debt decreased by \$173,631 for scheduled principal payments. See Note 8 for further information.

La Puente Valley County Water District
Management's Discussion and Analysis
For the Fiscal Years Ended December 31, 2022 and 2021

Debt Administration, continued

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

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

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 8 for further information.

Conditions Affecting Current Financial Position

Management is unaware of any 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

Presentation Draft Subject to Approval

La Puente Valley County Water District
Statements of Net Position
December 31, 2022 and 2021

	2022	As Restated 2021
Current assets:		
Cash and cash equivalents (note 2)	\$ 3,488,074	5,047,243
Accrued interest receivable	15,722	1,715
Accounts receivable – water sales and services	409,625	431,109
Accounts receivable – other (note 3)	591,686	324,956
Accounts receivable – property taxes	60,797	40,674
Lease receivable (note 4)	40,795	38,394
Materials and supplies inventory	168,149	131,462
Prepaid expenses	52,819	45,183
Prepaid water rights (note 5)	275,295	268,580
	5,102,962	6,329,316
Total current assets		
Non-current assets:		
Investments (note 2)	498,711	-
Lease receivable (note 4)	10,470	51,265
Prepaid water rights (note 5)	282,296	147,526
Capital assets – not being depreciated (note 6)	4,830,351	3,745,333
Capital assets – being depreciated, net (note 6)	6,881,173	6,979,849
	12,503,001	10,923,973
Total non-current assets		
	17,605,963	17,253,289
Total assets		
Deferred outflows of resources:		
Deferred other post-employment benefits outflows (note 9)	1,143,114	1,358,401
Deferred pension outflows (note 10)	579,401	221,683
	1,722,515	1,580,084
Total deferred outflows of resources		

Continued on next page

See accompanying notes to the basic financial statements.

La Puente Valley County Water District
Statements of Net Position, continued
December 31, 2022 and 2021

	<u>2022</u>	<u>As Restated 2021</u>
Current liabilities:		
Accounts payable and accrued expenses	484,529	378,893
Developer deposits	36,482	247,138
Customer deposits	6,085	25,085
Interest payable	26,442	26,471
Long-term liabilities – due in one year:		
Compensated absences (note 7)	39,736	34,979
Loan payable (note 8)	120,573	114,638
Total current liabilities	<u>713,847</u>	<u>827,204</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 7)	39,736	34,979
Loan payable (note 8)	2,585,871	2,765,437
Net other post-employment benefits liability (note 9)	1,882,622	1,927,872
Net pension liability (note 10)	1,027,799	267,926
Total non-current liabilities	<u>5,536,028</u>	<u>4,996,214</u>
Total liabilities	<u>6,249,875</u>	<u>5,823,418</u>
Deferred inflows of resources:		
Deferred lease inflows (note 4)	46,944	84,516
Deferred other post-employment benefits inflows (note 9)	344,923	458,181
Deferred pension inflows (note 10)	76,265	280,122
Total deferred inflows of resources	<u>468,132</u>	<u>822,819</u>
Net position: (note 11)		
Net investment in capital assets	11,711,524	10,725,182
Unrestricted	898,947	1,461,954
Total net position	<u>\$ 12,610,471</u>	<u>12,187,136</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, 2022 and 2021

	2022	As Restated 2021
Operating revenues:		
Water operation revenues:		
Water consumption sales	\$ 1,610,416	1,610,379
Bi-monthly service charges	861,022	791,069
Other water service charges	37,847	6,290
Fire services	77,897	69,876
Water surplus sales	73,613	50,785
	2,660,795	2,528,399
Facility and service contract revenue: (note 13)		
Water treatment services – BPOU	1,433,768	1,173,382
Water treatment operations and maintenance fees – BPOU	81,182	79,591
Water treatment contracted labor – BPOU	315,465	313,800
Water treatment other charges – BPOU	12,686	12,748
Retail water distribution system management fee – City of Industry	201,020	197,078
Retail water distribution system contracted labor – City of Industry	770,103	736,999
Project management fee – PVOU IZ	-	53,750
Project administrative services – PVOU IZ	3,439	35,000
Project contracted labor – PVOU IZ	201,875	29,764
	3,019,538	2,632,112
Total operating revenues	5,680,333	5,160,511
Operating expenses:		
Water operation expenses:		
Source of supply	411,430	468,527
Transmission and distribution	436,739	360,275
Pumping	193,581	122,307
Assessments	334,649	335,711
Water treatment	6,094	3,075
Customer accounts	31,415	29,846
General and administrative	292,817	315,262
Salaries and benefits	1,279,809	751,731
	2,986,534	2,386,734
Facility and service contract expenses: (note 13)		
Water treatment service costs – BPOU	1,282,599	1,097,914
Water treatment contracted labor costs – BPOU	315,466	313,800
Retail water distribution system contracted labor costs – City of Industry	770,103	736,647
Project contracted labor costs – PVOU IZ	201,875	29,764
	2,570,043	2,178,125
Total operating expenses	5,556,577	4,564,859
Operating income before depreciation expense	123,756	595,652
Depreciation expense	(513,505)	(519,679)
Operating (loss) income	\$ (389,749)	75,973

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, 2022 and 2021

	<u>2022</u>	<u>As Restated 2021</u>
Non-operating revenue(expense):		
Property taxes	\$ 351,827	321,192
Investment (unrealized loss) earnings	(6,893)	(5,166)
Rental revenue	37,572	40,396
Lease interest	2,168	3,282
Interest expense	(80,699)	(54,590)
Debt issuance costs	-	-
Loss from disposition of capital assets	(4,209)	(10,595)
Other non-operating revenues	1,232	17,019
Total non-operating, net	<u>300,998</u>	<u>311,538</u>
Net (loss) income before capital contributions	<u>(88,751)</u>	<u>387,511</u>
Capital contributions:		
Capital contributions – developer	232,093	126,922
Capital contribution – other local agency	224,070	150,000
Developer fees	55,923	179,671
Total capital contributions	<u>512,086</u>	<u>456,593</u>
Change in net position	423,335	844,104
 Net position, beginning of year, as restated (note 12)	 <u>12,187,136</u>	 <u>11,343,032</u>
Net position, end of year	\$ <u>12,610,471</u>	<u>12,187,136</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, 2022 and 2021

	2022	As Restated 2021
Cash flows from operating activities:		
Cash receipts from customers for water sales and services	\$ 2,452,623	2,767,823
Cash receipts from facility and service contract revenue	1,465,365	1,520,758
Cash receipts from others	38,804	59,223
Cash paid to vendors and suppliers for materials and services	(3,069,496)	(2,787,084)
Cash paid to employees for salaries and wages	(1,015,219)	(1,010,697)
Net cash (used in) provided by operating activities	(127,923)	550,023
Cash flows from non-capital financing activities:		
Proceeds from property taxes	331,704	319,251
Net cash provided by non-capital financing activities	331,704	319,251
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(1,496,857)	(1,349,741)
Proceeds from capital contributions	512,086	456,593
Proceeds from the sale of capital assets	(4,209)	(10,595)
Proceeds from loan payable	-	1,510,461
Principal payments on loan payable	(173,631)	(57,313)
Interest payments on loan payable	(80,728)	(42,024)
Net cash (used in) provided by capital and related financing activities	(1,243,339)	507,381
Cash flows from investing activities:		
Interest and investment (unrealized loss) earnings	(519,611)	(2,189)
Net cash used in investing activities	(519,611)	(2,189)
Net (decrease) increase in cash and cash equivalents	(1,559,169)	1,374,466
Cash and cash equivalents:		
Beginning of year	5,047,243	3,672,777
End of year	\$ 3,488,074	5,047,243

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, 2022 and 2021

	2022	As Restated 2021
Reconciliation of operating loss to net cash (used in) provided by operating activities:		
Operating (loss) income	\$ (389,749)	75,973
Adjustments to reconcile operating loss to net cash (used in) provided by operating activities:		
Depreciation expense	513,505	519,679
Rental revenue	37,572	42,204
Other non-operating revenues	1,232	17,019
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
(Increase)Decrease in assets:		
Accounts receivable – water sales and services	21,484	(14,799)
Accounts receivable – other	(266,730)	(30,791)
Materials and supplies inventory	(36,687)	(17,944)
Prepaid expenses	(7,636)	(2,159)
Prepaid water rights	(141,485)	37,610
(Increase)Decrease in deferred outflows of resources:		
Deferred other post-employment benefits outflows	215,287	142,625
Deferred pension outflows	(357,718)	16,362
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses	105,636	(71,674)
Developer deposits	(210,656)	237,223
Customer deposits	(19,000)	17,000
Compensated absences	9,514	5,414
Net other post-employment benefits liability	(45,250)	(43,137)
Net pension liability	759,873	(531,492)
Increase (Decrease) in deferred inflows of resources:		
Deferred other post-employment benefits inflows	(113,258)	(79,309)
Deferred pension inflows	(203,857)	230,219
Total adjustments	261,826	474,050
Net cash (used in) provided by operating activities	\$ (127,923)	550,023

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, 2022 and 2021

(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 performed 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, 2022 and 2021

(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:

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.

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 Annual Comprehensive 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 Annual Comprehensive 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.

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.

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.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

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

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

1. Use of Estimates

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

2. Cash and Cash Equivalents

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

3. Investments and Investment Policy

The District has adopted an investment policy directing management to deposit funds in financial institutions.

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

4. Fair Value Measurements

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

- **Level 1** – 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.

5. Accounts Receivable

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

6. Lease Receivables

Lease receivables are measured at the present value of payments expected to be received during the lease term.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

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

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

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.

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.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

(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

Post-Employment Benefits Other Than Pensions (OPEB), continued

- Deferred outflow 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. In the prior year, this item was reported as a deferred inflow.

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 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 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.
- 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. In the prior year, this item was reported as a deferred inflow.

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, 2022 and 2021, the following timeframes were used:

- Valuation dates: June 30, 2022 and June 30, 2020
- Measurement dates: June 30, 2022 and June 30, 2021
- Measurement periods: July 1, 2021 to June 30, 2022 and July 1, 2020 to June 30, 2021

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

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

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

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, 2022 and 2021, the following timeframes were used:

- Valuation dates: June 30, 2021 and June 30, 2020
- Measurement Dates: June 30, 2022 and June 30, 2021
- Measurement Periods: July 1, 2021 to June 30, 2022 and July 1, 2020 to June 30, 2021

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.

Pensions

- 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.

Lease

- Deferred inflow for the District's lessor arrangement measured at the present value of payments expected to be received during the lease term. Lease inflow revenue is recognized on a straight-line basis over the lease term.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

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

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

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.

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 Service Charges

The District recognizes water 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.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

(2) Cash and Investments

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 3,488,074	5,047,243
Investments – non-current	<u>498,711</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 3,986,785</u>	<u>5,047,243</u>

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

	<u>2022</u>	<u>2021</u>
Cash on hand	\$ 300	300
Deposits with financial institutions	1,035,228	2,074,787
Investments	<u>2,951,257</u>	<u>2,972,156</u>
Total cash and investments	<u>\$ 3,986,785</u>	<u>5,047,243</u>

As of December 31, the District’s authorized deposits had the following maturities:

	<u>2022</u>	<u>2021</u>
Deposits with California Local Agency Investment Fund (LAIF)	287 days	340 days

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

(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, 2022 and 2021

(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.

Investment maturities as of December 31, 2022 were categorized as follows:

Investment Type	Amount	Remaining Maturity (in Months)	
		12 Months Or Less	13 to 24 Months
Local Agency Investment Fund (LAIF)	\$ 2,452,546	2,452,546	-
Certificates of Deposit	498,711	-	498,711
Total	\$ 2,951,257	2,452,546	498,711

Investment maturities as of December 31, 2021 were categorized as follows:

Investment Type	Amount	Remaining Maturity (in Months)	
		12 Months Or Less	13 to 24 Months
Local Agency Investment Fund (LAIF)	\$ 2,972,156	2,972,156	-
Total	\$ 2,972,156	2,972,156	-

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

(2) Cash and Investments, continued

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.

At December 31, 2022 and 2021, the District’s investments in the Local Agency Investment Fund and certificates of deposit were not rated, respectively.

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’s investments at December 31, 2022 and 2021, respectively.

Fair Value Measurements

Investments measured at fair value on a recurring and non-recurring basis at December 31, 2022 are as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Certificates of Deposit	\$ 498,711	-	498,711	-
Investments at Amortized Cost:				
Local Agency Investment Fund (LAIF)	2,452,546			
Total	\$ 2,951,257			

The District’s investment in LAIF was valued at amortized cost therefore the District has determined it does not meet fair value measurement criteria at December 31, 2021.

(3) Accounts Receivable – Other

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

	<u>2022</u>	<u>2021</u>
San Gabriel Basin Water Quality Authority	\$ 323,936	158,727
Industry Public Utilities	113,574	98,548
Northrop Grumman Systems Corporation	133,061	38,826
Suburban Water Systems	15,724	28,569
Developer deposits	5,113	-
City of Industry	278	286
Total accounts receivable – other	\$ 591,686	324,956

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

(4) Lease Receivable

Changes in lease receivable for the year ended December 31, were as follows:

	<u>Restated Balance 2021</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2022</u>	<u>Current Portion</u>	<u>Long-term Portion</u>	<u>Deferred Inflows</u>
Lease receivable:							
Mancilla building lease	\$ 89,659	-	(38,394)	\$ 51,265	40,795	10,470	(46,944)

Changes in lease receivable for the year ended December 31, were as follows:

	<u>Restated Balance 2020</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Restated Balance 2021</u>	<u>Current Portion</u>	<u>Long-term Portion</u>	<u>Deferred Inflows</u>
Lease receivable:							
Mancilla building lease	\$ 125,757	-	(36,098)	\$ 89,659	38,394	51,265	(84,516)

Mancilla Building Lease

On April 8, 2004, the District entered into a lease agreement with Mancilla's Quality Printing (Mancilla). On March 19, 2014, the District extended the lease term through March 31, 2024. Mancilla has agreed to pay the District for the purpose of leasing building space at 108 First Street, 15841 Main Street, 15843 Main Street, and 15845 Main Street. The terms of the agreement require Mancilla to pay the District in monthly installments through March 2024 and is adjusted annually by a rate of 3.00%.

Following the provisions set forth by *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 0.25%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of December 31, 2022 and 2021, deferred inflows were reported at \$46,944 and \$84,516, respectively.

Future payments to be received and deferred inflows as of December 31, 2022, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Deferred Inflows</u>
2023	\$ 40,795	984	41,779	\$ (37,572)
2024	10,470	51	10,521	(9,372)
Total	51,265	1,035	52,300	\$ (46,944)
Current	(40,795)			
Non-current	\$ 10,470			

(5) Prepaid Water Rights

Prepaid water rights as of December 31, 2022, were as follows:

	<u>Balance 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2022</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
\$	416,106	514,324	(372,839)	557,591	275,295	282,296

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

(5) Prepaid Water Rights, continued

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

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, 2022, the remaining available water from the initial purchase amounted to \$43,266. At December 31, 2021, the remaining available water from the initial purchase amounted to \$147,526.

On July 21, 2022, the District purchased 265 acre feet of untreated cyclic storage water from the Main San Gabriel Basin Watermaster at a cost of \$902 per acre-foot. The balance is expected to be utilized in the future fiscal years and therefore is classified as current. At December 31, 2022, the remaining available water from the initial purchase amounted to \$239,060.

On July 1, 2015, the District entered into an agreement for the purchase commitment of leased water production rights for 2020, 2021, and 2022. The available water production rights for lease are determined by Watermaster's Operating Safe Yield, which is typically set in May of each year. The District has agreed to lease the rights at 91% of the price to purchase replenishment water from another governmental agency effective July of each year. The District estimated there are a total of 335.39 acre-feet of water production rights available for lease at a cost of \$820.82 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, 2022 and 2021, the District prepaid for the water production rights in the amount of \$275,295 and \$268,580, respectively. For further information, please see Note 17.

(6) 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>2022</u>	<u>2021</u>
Recycled water project	\$ 2,022,553	2,048,741
Nitrate treatment plant	2,399,845	1,300,280
SCADA system replacement	-	93,593
LPVCWD/PVOU Hudson Interconnection	57,410	-
Dump truck	111,713	-
Various jobs under \$50,000	55,602	119,491
Total construction-in-process	<u>\$ 4,647,123</u>	<u>3,562,105</u>

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

(6) Capital Assets, continued

Changes in capital assets for December 31 were as follows:

	<u>Balance 2021</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2022</u>
Non-depreciable assets:				
Land	\$ 183,228	-	-	183,228
Construction-in-process	3,562,105	1,553,969	(468,951)	4,647,123
Total non-depreciable assets	<u>3,745,333</u>	<u>1,553,969</u>	<u>(468,951)</u>	<u>4,830,351</u>
Depreciable assets:				
Water treatment plant	10,763,909	-	-	10,763,909
Transmission and distribution	10,365,098	266,219	(80,572)	10,550,745
Pumps and reservoirs	2,636,944	-	-	2,636,944
Buildings and structures	525,875	-	-	525,875
Tools and equipment	609,392	148,611	(12,782)	745,221
Automotive equipment	335,239	-	-	335,239
Office equipment and fixtures	49,175	-	(6,929)	42,246
Radio equipment	12,944	-	-	12,944
Software	9,090	-	-	9,090
Total depreciable assets	<u>25,307,666</u>	<u>414,830</u>	<u>(100,283)</u>	<u>25,622,213</u>
Accumulated depreciation:				
Water treatment plant	(9,466,318)	(97,263)	-	(9,563,581)
Transmission and distribution	(6,169,024)	(258,450)	80,572	(6,346,902)
Pumps and reservoirs	(1,499,262)	(71,207)	-	(1,570,469)
Buildings and structures	(467,924)	(15,622)	-	(483,546)
Tools and equipment	(408,106)	(40,400)	12,782	(435,724)
Automotive equipment	(269,726)	(24,927)	-	(294,653)
Office equipment and fixtures	(35,683)	(2,524)	6,928	(31,279)
Radio equipment	(6,472)	(1,294)	-	(7,766)
Software	(5,302)	(1,818)	-	(7,120)
Total accumulated depreciation	<u>(18,327,817)</u>	<u>(513,505)</u>	<u>100,282</u>	<u>(18,741,040)</u>
Total depreciable assets, net	<u>6,979,849</u>	<u>(98,675)</u>	<u>(1)</u>	<u>6,881,173</u>
Total capital assets, net	<u>\$ 10,725,182</u>	<u>1,455,294</u>	<u>(468,952)</u>	<u>11,711,524</u>

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

(6) Capital Assets, continued

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>

(7) 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:

	<u>Balance 2021</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2022</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
\$	<u>69,958</u>	<u>56,505</u>	<u>(46,991)</u>	<u>79,472</u>	<u>39,736</u>	<u>39,736</u>

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

(7) Compensated Absences, continued

Changes in compensated absences for December 31 were as follows:

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

(8) Loan Payable

Changes in loan payable for December 31 were as follows:

	<u>Balance</u> <u>2021</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>2022</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
Long-term debt:						
Loans payable:						
Installment loan	\$ 2,880,075	-	(173,631)	2,706,444	120,573	2,585,871
Long-term debt	\$ 2,880,075	-	(173,631)	2,706,444	120,573	2,585,871

Changes in loan payable for December 31 were as follows:

	<u>Balance</u> <u>2020</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>2021</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
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

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.

Future remaining debt service payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 120,573	77,887	198,460
2024	124,107	74,352	198,459
2025	127,745	70,715	198,460
2026	131,489	66,970	198,459
2027	135,343	63,116	198,459
2028-2032	738,599	253,696	992,295
2033-2037	853,384	138,912	992,296
2038-2040	475,204	20,945	496,149
Total	2,706,444	766,593	3,473,037
Current	(120,573)		
Long-term	\$ 2,585,871		

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

(9) 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.

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:

	2022	2021
Active plan members	16	13
Retirees and beneficiaries receiving benefits	7	6
Separated plan members entitled to but not yet receiving benefits	-	-
Total Plan membership	23	19

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:

	2022	2021
Contributions – employer	\$ 94,525	90,457

As of December 31, 2022 and 2021, 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, 2023 and 2022, respectively.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

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

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2022 and 2021, and the total net liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022 and June 30, 2020, respectively. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

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	2.50 percent
Salary increases	2.75 percent, per annum, in aggregate
Discount rate	5.75 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	4.00% HMO & 4.50% PPO decreasing to 3.00% HMO & 3.00% 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, 2022, the target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class - CERBT</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Return</u>
Global Equity	22.0%	7.55%
Global Fixed Income	49.0%	4.25%
TIPS	16.0%	3.00%
REITS	8.0%	7.25%
Commodities	5.0%	7.55%
Total	<u>100.0%</u>	

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

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

Net OPEB Liability

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:

<u>Asset Class - CERBT</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Return</u>
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	<u>100.0%</u>	

Discount Rate

At June 30, 2022 and 2021, the discount rate used to measure the net OPEB liability was 5.75 percent, respectively. 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:

	<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at June 30, 2021	\$ 3,374,087	1,446,215	1,927,872
Changes for the year:			
Service cost	81,507	-	81,507
Interest	193,232	-	193,232
Expected investment income	-	86,022	(86,022)
Experience (gains)/losses	(275,744)	-	(275,744)
Investment gains/(losses)	-	(249,960)	249,960
Employer contributions	-	100,000	(100,000)
Employer contributions as benefit payments	-	108,560	(108,560)
Administrative expenses	-	(377)	377
Expected benefit payments	(108,560)	(108,560)	-
Net changes	<u>(109,565)</u>	<u>(64,315)</u>	<u>(45,250)</u>
Balance at June 30, 2022	\$ <u>3,264,522</u>	<u>1,381,900</u>	<u>1,882,622</u>

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

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

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

	<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
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	<u>246,691</u>	<u>289,828</u>	<u>(43,137)</u>
Balance at June 30, 2021	\$ <u>3,374,087</u>	<u>1,446,215</u>	<u>1,927,872</u>

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, 2022, the discount rate comparison was the following:

	<u>1% Decrease (4.75%)</u>	<u>Current Discount Rate (5.75%)</u>	<u>1% Increase (6.75%)</u>
District's net OPEB liability	\$ <u>2,357,102</u>	<u>1,882,622</u>	<u>1,494,462</u>

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

	<u>1% Decrease (4.75%)</u>	<u>Current Discount Rate (5.75%)</u>	<u>1% Increase (6.75%)</u>
District's net OPEB liability	\$ <u>2,459,101</u>	<u>1,927,872</u>	<u>1,495,033</u>

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

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

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, 2022, the healthcare cost trend rate comparison was the following:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
	(3.00%HMO/ 3.50%PPO decreasing to 2.00%HMO/ 2.00%PPO)	(4.00%HMO/ 4.50%PPO decreasing to 3.00%HMO/ 3.00%PPO)	(5.00%HMO/ 5.50%PPO decreasing to 4.00%HMO/ 4.00%PPO)
District's net OPEB liability	\$ <u>1,439,910</u>	<u>1,882,622</u>	<u>2,437,610</u>

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

	1% Decrease	Current Healthcare Cost Trend Rates	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	\$ <u>1,410,314</u>	<u>1,927,872</u>	<u>2,601,878</u>

For the fiscal years December 31, 2022 and 2021, the District recognized OPEB expense of \$181,729 and income of \$110,636, respectively.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

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

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:

Description	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to the measurement date	\$ 94,525	-	90,457	-
Experience gains and losses	907,966	-	1,267,944	-
Changes in assumptions	-	(344,923)	-	(379,269)
Differences between expected and actual return on investments	140,623	-	-	(78,912)
Total	<u>\$ 1,143,114</u>	<u>(344,923)</u>	<u>1,358,401</u>	<u>(458,181)</u>

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
2023	\$ 84,234	(34,346)	28,157	78,045
2024	84,234	(34,346)	30,909	80,797
2025	84,234	(34,346)	31,565	81,453
2026	84,234	(34,346)	49,992	99,880
2027	84,234	(34,346)	-	49,888
Thereafter	486,796	(173,193)	-	313,603
Total	<u>\$ 907,966</u>	<u>(344,923)</u>	<u>140,623</u>	<u>703,666</u>

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 55 and 56 for the Required Supplementary Information.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

(10) Defined Benefit Pension Plan

Plan Description

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

Benefits Provided

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

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

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			
	2022		2021	
Hire date	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 60	2.0% @ 62	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates				
Six months ended June 30	6.920%	6.250%	6.918%	6.250%
Six months ended December 31	6.930%	6.750%	6.920%	6.750%
Required employer contribution rates				
Six months ended June 30	8.650%	7.590%	8.794%	7.732%
Six months ended December 31	8.630%	7.470%	8.650%	7.590%

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

(10) Defined Benefit Pension Plan, continued

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	
	2022	2021
Contributions – employer	\$ 155,064	146,496
Contributions – employee (paid by employer)	49,763	46,912
Total employer paid contributions	\$ 204,827	193,408

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	
	2022	2021
Proportionate share of net pension liability	\$ 1,027,799	267,926

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, 2022 and 2021, the net pension liability of the Plan is measured as of June 30, 2022 and June 30, 2021 (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, 2021 and June 30, 2020 (the valuation dates), rolled forward to June 30, 2022 and 2021, 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, 2021 for the year ended December 31, 2021	0.00495%
Measurement Date of June 30, 2022 for the year ended December 31, 2022	0.00890%
Change – Increase (Decrease)	0.00395%

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

(10) Defined Benefit Pension Plan, continued

Net Pension Liability, continued

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%

Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal years ended December 31, 2022 and 2021, the District recognized pension expense and income of \$109,351 and \$180,024, respectively.

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

Description	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 121,118	-	104,887	-
Net differences between actual and expected experience	6,816	-	30,044	-
Net changes in assumptions	105,319	-	-	-
Net differences between actual contribution and proportionate share of contribution	-	(76,265)	-	(46,241)
Net adjustment due to differences in proportions of the net pension liability	157,884	-	86,752	-
Net differences between projected and actual earnings on plan investments	188,264	-	-	(233,881)
Total	\$ 579,401	(76,265)	221,683	(280,122)

As of December 31, 2022 and 2021, the District reported \$121,118 and \$104,887, as deferred outflows of resources related to pension contributions subsequent to the measurement dates June 30, 2022 and 2021, and will be/were recognized as a reduction of the net pension liability for the fiscal years ended December 31, 2023 and 2022, respectively.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

(10) Defined Benefit Pension Plan, continued

Deferred Outflows/Inflows of Resources Related to Pensions, continued

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
2023	\$ 119,855
2024	105,779
2025	65,627
2026	90,757
2027	-
Thereafter	-

Actuarial Assumptions

The total pension liabilities in the actuarial valuations dated June 30, 2020 and 2019, were determined using the following actuarial assumptions and methods:

Valuation dates	June 30, 2021 and 2020
Measurement dates	June 30, 2022 and 2021
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	2021 - 6.90% 2020 - 7.15%
Inflation	2021 and 2020 – 2.50%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.00% 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	2021 and 2020 – 1997-2015
Post Retirement Benefit	2021 and 2020 – 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.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

(10) Defined Benefit Pension Plan, continued

Discount Rate

At the measurement dates, June 30, 2022 and 2021, the discount rate used to measure the total pension liability was 6.90% and 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.

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%		

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

(10) Defined Benefit Pension Plan, continued

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, 2022, 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% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
District's net pension liability	\$ 1,769,619	1,027,799	417,464

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)

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 57 and 58 for the Required Supplementary Information.

Payable to the Pension Plan

At December 31, 2022 and 2021 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, 2022 and 2021

(11) Net Position

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

	2022	As Restated 2021
Investment in capital assets:		
Capital assets – not being depreciated	\$ 4,830,351	3,745,333
Capital assets – being depreciated, net	6,881,173	6,979,849
Total investment in capital assets	11,711,524	10,725,182
Unrestricted net position:		
Non-spendable net position:		
Materials and supplies inventory	168,149	131,462
Prepaid expenses	52,819	45,183
Prepaid water rights – current	275,295	268,580
Prepaid water rights – long-term	282,296	147,526
Total non-spendable net position	778,559	592,751
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	(1,271,999)	(523,184)
Total spendable net position	120,388	869,203
Total unrestricted net position	898,947	1,461,954
Total net position	\$ 12,610,471	12,187,136

(12) Adjustments to Net Position

In fiscal year 2022, the District implemented GASB Statement No. 87 to recognize its lessor agreement. The nature, justification, and an explanation of the change are included in Note 1.

As a result of the implementation for the District’s lessor agreement, the District recorded a lease receivable, a deferred lease inflow of resources, reclassified a portion of its rental income to interest income, and has recorded prior period adjustments to restate net position as of December 31, 2020 and 2021. Please see Note 4 for further information.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

(12) Adjustments to Net Position, continued

The adjustments to net position were as follows:

Net position at January 1, 2019, as previously stated	\$ <u>11,276,269</u>
Effect of the adjustments to record lessor lease receivable, deferred lease inflows, and interest income as a result of GASB 87	3,669
Change in net position at December 31, 2020, as previously stated	63,094
Net position at December 31, 2020, as restated	\$ <u>11,343,032</u>
Effect of the adjustments to record lessor lease receivable, deferred lease inflows, and interest income as a result of GASB 87	1,474
Change in net position at December 31, 2021, as previously stated	<u>842,630</u>
Net position at December 31, 2021, as restated	\$ <u><u>12,187,136</u></u>

(13) 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.

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, 2022 and 2021, the District reported water treatment service revenue of \$1,433,768 and \$1,173,382, respectively and related water treatment costs of \$1,282,599 and \$1,097,914, respectively.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

(13) Facility and Service Contract Revenue, continued

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, 2022 and 2021 the District reported retail water distribution system management fee revenue of \$201,020 and \$197,078, 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, 2022, Northrop Grumman was in the construction phase of the PVOU IZ Treatment Plant project with an expected projected completion of startup testing by the third quarter of 2023. The Project is expected to be permitted for potable use during the second quarter of 2024.

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.

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, 2022, these improvements are in the final design phase and construction has not yet begun.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

(13) Facility and Service Contract Revenue, continued

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

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, 2022 and 2021, the District reported project service revenue of \$205,314 and \$118,514, respectively.

(14) 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, 2022 and 2021 the market value of all plan assets held in trust by the District plan amounted to \$903,825 and \$979,347, respectively.

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

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

(15) 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, 2022, 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 \$2,500 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 \$2,000,000 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>.

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, 2022, 2021, and 2020. 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, 2022, 2021, and 2020, respectively.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2022, that has effective dates that may impact future financial presentations.

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, 2022 and 2021

(16) 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, 2022 and 2021

(16) 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. 99

In April 2022, the GASB issued Statement No. 99 – *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 100

In June 2022, the GASB issued Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

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

Governmental Accounting Standards Board Statement No. 100, continued

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 101

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

(17) 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 2020, 2021, and 2022. The available water production rights for lease are determined by the Watermaster's Operating Safe Yield, which is typically set in May of each year. The District has agreed to lease the rights at 91% of the price to purchase replenishment water from another governmental agency effective July of each year. The District estimates there will be 335.39 acre-feet of water production rights available for lease at an estimated purchase price of \$820.82 per acre-foot.

On October 2, 2017, the District entered into an agreement purchase commitment of leased water production rights for water production years 2020, 2021, and 2022. 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, 2022 and 2021, the District prepaid for the water rights as described in Note 5. As of December 31, 2022 and 2021, remaining purchase commitment balance of estimated water production rights for the 2022 and 2021 water production years were \$275,295 and \$268,580, respectively.

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 administrating the Metropolitan Water District's Local Resource Program.

As of December 31, 2022, all construction and equipment related to this Project was completed. The District is currently waiting for approval from the State Water Resource Control Board to permit the Project to allow for the start of distribution of recycled water.

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.

La Puente Valley County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2022 and 2021

(17) Commitments and Contingencies, continued

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.

(18) Subsequent Events

Events occurring after December 31, 2022, have been evaluated for possible adjustment to the financial statements or disclosure as of June 12, 2023, which is the date the financial statements were available to be issued.

Presentation Draft Subject to Approval

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Presentation Draft Subject to Approval

Required Supplementary Information

Presentation Draft Subject to Approval

Presentation Draft Subject to Approval

La Puente Valley County Water District
Schedules of Changes in the District's Net OPEB Liability and Related Ratios
As of December 31, 2022
Last Ten Years*

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB liability					
Service cost	\$ 81,507	74,308	88,905	86,316	81,361
Interest	193,232	185,940	119,982	113,110	104,071
Experience (gains)/losses	(275,744)	-	1,569,520	-	-
Changes in assumptions	-	117,536	(574,335)	-	-
Benefit payments	(108,560)	(106,376)	(3,182)	(43,035)	(36,432)
Expected minus actual benefit payments	-	(24,717)	(50,256)	-	-
Net change in total OPEB liability	(109,565)	246,691	1,150,634	156,391	149,000
Total OPEB liability – beginning	3,374,087	3,127,396	1,976,762	1,820,371	1,671,371
Total OPEB liability – ending	\$ 3,264,522	3,374,087	3,127,396	1,976,762	1,820,371
Plan fiduciary net position					
Contributions employer	\$ 208,560	231,376	78,182	155,535	161,432
Net investment income	86,022	73,120	63,162	67,277	33,111
Investment gains/(losses)	(249,960)	92,139	3,279	-	-
Benefit payments	(108,560)	(106,376)	(3,182)	(43,035)	(36,432)
Administrative expenses	(377)	(431)	(523)	(191)	(378)
Other	-	-	-	-	(899)
Net change in plan fiduciary net position	(64,315)	289,828	140,918	179,586	156,834
Plan fiduciary net position – beginning	1,446,215	1,156,387	1,015,469	835,883	679,049
Plan fiduciary net position – ending	1,381,900	1,446,215	1,156,387	1,015,469	835,883
Net OPEB liability – ending	\$ 1,882,622	1,927,872	1,971,009	961,293	984,488
Plan fiduciary net position as a percentage of the total OPEB liability	42.33%	42.86%	36.98%	51.37%	45.92%
Covered payroll	\$ 1,076,334	1,141,171	1,031,429	1,090,770	1,059,000
Net OPEB liability as a percentage of covered payroll	174.91%	168.94%	191.10%	88.13%	92.96%
Valuation date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Methods and assumptions used to determine contribution rates:					
Single and agent employers	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	5.75%	5.75%	6.00%	6.00%	6.00%
Mortality, retirement, turnover	(2)	(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, 2022
Last Ten Years*

Fiscal year ending	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Actuarially determined contribution	\$ 208,560	231,376	78,182	155,535	161,432
Contributions in relation to the actuarially determined contribution	<u>(208,560)</u>	<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>	<u>-</u>
Covered payroll	<u>1,076,334</u>	<u>1,141,171</u>	<u>1,031,429</u>	<u>1,046,701</u>	<u>1,005,625</u>
Contributions as a percentage of covered payroll	<u>19.38%</u>	<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.

Presentation Draft Subject to Approval

La Puente Valley County Water District
District's Proportionate Share of the Net Pension Liability
As of December 31, 2022
Last Ten Years*

<u>Description</u>	<u>Fiscal Year</u>									
	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	
District's proportion of the net pension liability	0.00890%	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	\$ 1,027,799	267,926	799,418	702,837	612,406	628,508	515,576	336,132	418,940	
District's covered payroll	\$ 1,076,334	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	95.49%	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	81.11%	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.

From fiscal year June 30, 2021 to June 30, 2022:

The discount rate was reduced from 7.15% to 6.90%

* 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, 2022
Last Ten Years*

Description	Fiscal Year									
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Actuarially determined contribution	\$ 176,716	145,875	125,476	108,909	105,990	81,407	67,743	67,711	76,316	
Contributions in relation to the actuarially determined contribution	(176,716)	(145,875)	(125,476)	(108,909)	(105,990)	(81,407)	(67,743)	(67,711)	(76,316)	
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 1,076,334	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	16.42%	12.78%	12.17%	10.40%	10.54%	8.38%	8.04%	7.71%	9.68%	
Notes to schedule:										
Valuation date	June 30, 2020	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	Entry Age	Entry Age
Amortization method	(1)	(1)	(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	Market Value	Market Value	15 Year Smoothed Market Method
Inflation	2.50%	2.50%	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.00% (3)	7.00% (3)	7.25% (3)	7.375% (3)	7.50% (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)	(4)	(4)
Mortality	(5)	(5)	(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.

Report on Internal Controls and Compliance

Presentation Draft Subject to Approval

Presentation Draft Subject to Approval

**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, 2022 and 2021 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 12, 2023.

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.

C.J. Brown & Company, CPAs
Cypress, California
June 12, 2023

Presentation Draft Subject to Approval

STAFF Report



Date: June 12, 2023
To: Honorable Board of Directors
Subject: Stage 1 Water Supply Emergency Declaration

Purpose: *Consideration to Declare a Stage 1 Water Supply Emergency as Defined in the District's Resolution No. 273, Water Use Efficiency Practices and Water Conservation Measures..*

Recommendation: *Declare a Stage 1 Water Supply Emergency*

Fiscal Impact: *Mandatory water conservation measures may result in a reduction of water sales revenue and also a reduction of water production assessment expenses for the 2023 District Budget.*

BACKGROUND

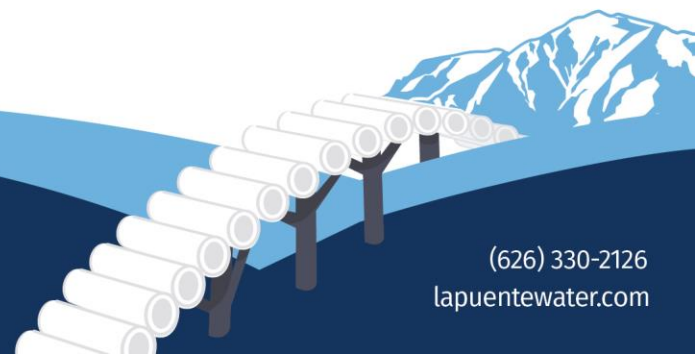
On July 8, 2021, the Governor of the State of California issued Executive Order No. N-10-21 directing actions on all Californians to voluntarily reduce their water use by 15 percent from their 2020 levels. Furthermore, on October 19, 2021, the Governor issued a Proclamation of a State of Emergency proclaiming that eight southern California counties, including Los Angeles County, are experiencing severe drought conditions. The proclamation directs, as applicable, local water suppliers to execute their Water Shortage Contingency Plans at levels appropriate to local conditions that take into account the possibility of a third consecutive dry year; and authorizes the State Water Resources Control Board ("SWRCB") to adopt emergency regulations to prohibit certain wasteful water practices. In response to these actions, on October 25, 2021, the Board of Directors adopted Resolution No. 273, declaring water use efficiency practices and water conservation measures for users.

Furtherhermore, on January 24 and May 23 of 2022, the Board of Directors declared a Stage 1 and Stage 2 Water Supply Emergency, respectively. These actions came as a result of Metropolitan Water District's (MWD) Emergency Conservation Program and the Upper San Gabriel Valley Municipal Water District's (Upper District) Emergency Water Conservation Program.

SUMMARY

The Main San Gabriel Basin has benefited from a series of storms that began late 2022 and into 2023. These storms have helped replenish the basin and have eased some of the most extreme drought conditions in the state by refilling rivers and reservoirs and delivering near-record snowpack in the Sierra Nevadas.

As a result of these storms and record snowpacks, on March 24, 2023, through Executive Order N-5-23, Governor Gavin Newsom rolled back some drought emergency provisions that are no longer needed due to current water



conditions, while maintaining other measures that support regions and communities still facing water supply challenges, and that continue building up long-term water resilience. In addition, on April 20, 2023, the Department of Water Resources (DWR) announced that the wet winter and near-record snowpack in the Sierra Nevadas combined with careful operations management will allow increase of State Water Project (SWP) allocation from 75 to 100 percent of SWP requested water supplies.

DISCUSSION

Considering the current drought conditions throughout the state and with the announcement by the Department of Water Resources of a 100% allocation of water supplies through the SWP, it is staff's recommendation that the District move back to a Stage 1 Water Supply Emergency. This significant change in supply conditions warrants this change to a Stage 1, which better reflects current water conditions throughout the State and mirror the reduction of water restrictions recently adopted by other local water agencies.

If the District declares a Stage 1 Water Supply Emergency, the District will immediately notify all users that the following water use restrictions and water conservation actions are to be implemented and followed:

- Outdoor watering limited to three (3) times a week on Monday, Wednesday and Friday
- Outdoor watering is prohibited between the hours of 9:00 AM and 5:00 PM
- Leaks must be repaired within 5 days after receiving notice from the District
- The District will provide educational materials to assist with the implementation of water conservation measures for residential, commercial, industrial and institutional properties

RECOMMENDATION

Staff recommends that the Board of Directors Declare a Stage 1 Water Supply Emergency.

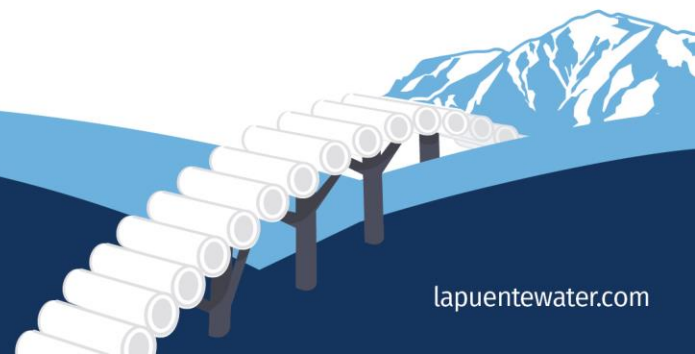
Respectfully Submitted,



Roy Frausto
General Manager

ENCLOSURES

- Draft Stage 1 Water Supply Emergency Notification





make it last,
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CONSERVING WATER TODAY FOR THE COMMUNITY OF TOMORROW

STAGE 1 WATER SUPPLY EMERGENCY AND PERMANENT WATER CONSERVATION MEASURES

STAGE 1 RESTRICTIONS

A State of Emergency proclaimed that eight Southern California counties, including Los Angeles County, are experiencing severe drought conditions. As a result of these conditions, the La Puente Valley County Water District Board of Directors has declared a **STAGE 1 WATER SUPPLY EMERGENCY** and has also adopted **PERMANENT WATER CONSERVATION MEASURES**.



STAGE 1 RESTRICTIONS

- **OUTDOOR WATERING IS LIMITED TO 3 DAYS PER WEEK BETWEEN 5 P.M. AND 9 A.M. ON MONDAY, WEDNESDAY, AND FRIDAY**
- Repair leaks within 5 days after receiving notice from LPVCWD

PERMANENT WATER CONSERVATION MEASURES



OUTDOOR WATERING

- No outdoor irrigation from 9 a.m. to 5 p.m.
- No irrigation runoff to sidewalks/streets
- No watering public street medians



USE A BROOM

- Sweep sidewalks, driveways and hardscapes instead of hosing them down



FIX LEAKS

- Check for leaks and repair them regularly



BUSINESSES

- Option to decline daily linens at lodging establishments
- Serving drinking water, other than upon request, shall be prohibited in eating and drinking establishments

OTHER WATERING RESTRICTIONS

- Use only recirculating water in decorative fountains
- Turn sprinklers off during rain
- No watering for 48 hours after rainfall
- Use a shut-off nozzle when washing cars



Learn more water saving tips and view available rebates at LAPUENTEWATER.COM

La Puente Valley County Water District • 112 N. First Street, La Puente, CA 91744 • (626) 330-2126



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CONSERVANDO AGUA HOY PARA LA COMUNIDAD DE MAÑANA EMERGENCIA DE SUMINISTRO DE AGUA-ETAPA 1 Y MEDIDAS PERMANENTES DE CONSERVACIÓN DE AGUA

RESTRICCIONES DE LA ETAPA 1

Un Estado de Emergencia proclamó que ocho condados del sur de California, incluido el Condado de Los Ángeles, están experimentando condiciones de sequía severa. Como resultado de estas condiciones, La Junta Directiva de La Puente Valley County Water District ha declarado **EMERGENCIA DE SUMINISTRO DE AGUA-ETAPA 1** y también ha adoptado **MEDIDAS PERMANENTES DE CONSERVACIÓN DE AGUA.**



RESTRICCIONES DE LA ETAPA 1

- EL RIEGO AL AIRE LIBRE ESTÁ LIMITADO A 3 DÍAS POR SEMANA ENTRE LAS 5 P.M. Y 9 A.M. (LOS LUNES, MIÉRCOLES Y VIERNES)
- Repare las fugas dentro de los 5 días posteriores a la recepción del aviso de LPVCWD

MEDIDAS PERMANENTES DE CONSERVACIÓN DE AGUA



RIEGO AL AIRE LIBRE

- No riego exterior de 9 a.m. a 5 p.m.
- No se permite escorrentía de riego a las banquetas/calles
- Prohibición de regar las medianas de las calles públicas



USE UNA ESCOBA

- Barra banquetas, caminos de entrada de vehículos y superficies duras en lugar de lavarlos con manguera



REPARAR FUGAS

- Compruebe si hay fugas y repárelas regularmente.



NEGOCIOS

- Opción de declinar el servicio de lavado para la ropa de cama diaria en los establecimientos de hospedaje
- Queda prohibido servir agua potable, salvo previa solicitud, en los establecimientos de comidas y bebidas.

OTRAS RESTRICCIONES DE RIEGO

- Use solo agua recirculante en fuentes decorativas
- Apague los aspersores durante la lluvia
- No regar durante 48 horas después de lluvia
- Use una boquilla de cierre cuando lave autos



Conozca más consejos para ahorrar agua y vea los reembolsos disponibles en LAPUENTEWATER.COM
La Puente Valley County Water District • 112 N. First Street, La Puente, CA 91744 • (626) 330-2126

Memo



Date: June 12, 2023
To: Honorable Board of Directors
Subject: 2022 Consumer Confidence Report

SUMMARY

In 1996, Congress amended the Safe Drinking Water Act by requiring water systems to deliver an annual water quality report in the form of a consumer confidence report (CCR) to all its customers, similarly to the Annual Water Quality Report (AWQR) that California water systems began distributing in 1990. However, the CCR calls for specific and detailed regulatory requirements in terms of content and format as opposed to those for the AWQR. The CCR includes information on source water, levels of any detected contaminants, and compliance with drinking water regulations along with brief educational material. Every community water system must prepare, distribute, and ensure that its customers receive a report containing all required content. The reports are based on calendar-year data and must be delivered to consumers annually by July 1st of the following year.

In 2013, the US EPA and the State Water Resources Control Board Division of Drinking Water (DDW) began allowing community water systems to distribute the CCR electronically. DDW provides guidance on the delivery methods to ensure all consumers of a community water system have access to the CCR. One method to ensure all consumers have access is to mail each customer a notification that the CCR is available and include in the notice the direct website link (URL) to the CCR on a publicly available site on the internet where it can be viewed.

Enclosed is the final draft of the District's 2022 CCR. Prior to the end of June, District staff will mail out postcard notices informing consumers that the CCR is available online. As expected, the drinking water provided in 2022 met all Federal and State drinking water standards. Any customer wishing to receive a hard copy of the CCR will be mailed one upon request. In addition, a Spanish translated CCR will be posted online, and hard copies will also be made available upon request.

Respectfully Submitted,

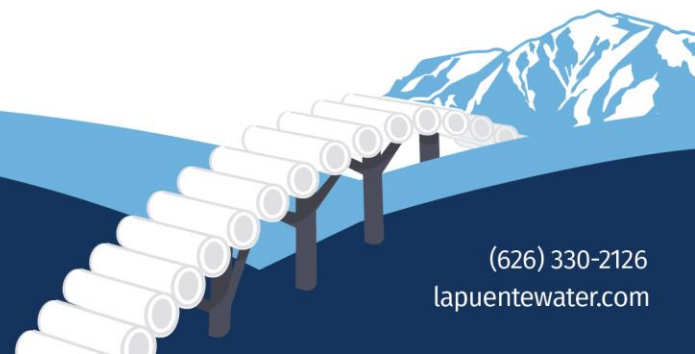
A handwritten signature in blue ink, appearing to read "G. Fu".

General Manager

La Puente Valley County Water District

Enclosure

- La Puente Valley County Water District Draft 2022 CCR



2022 Water Quality Consumer Confidence Report

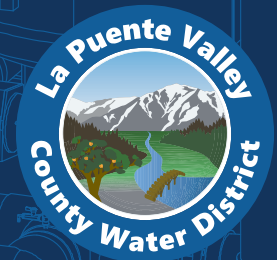
BridgeTown

press

Published June 2023

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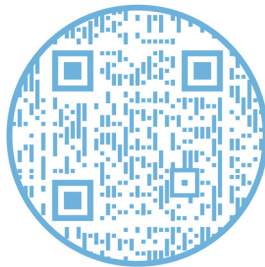
Water is What Drives Us

For nearly 100 years, La Puente Valley County Water District has been proudly serving our community by providing a reliable and safe water supply.

Through a team of water professionals that include certified water distribution and treatment operators, we understand the vital role water plays in your daily lives. Our staff's unwavering commitment to excellence, combined with their devotion for water, is what ensures that water delivered to your homes and businesses meets or exceeds all state and federal drinking water standards.

At La Puente Water, treating and serving water is not just a responsibility; it is our passion, and your trust is what drives us to continuously work towards providing a sustainable water supply for future generations to come.

Roy Frausto
General Manager



For more information on the latest news or upcoming activities, follow us on Instagram. Just scan this QR code with your smartphone.



Coming Soon Puente Valley Operable Unit (PVOU) Water Treatment Facility

We are excited to announce that the new state-of-the-art PVOU-IZ groundwater treatment facility will be coming into operation in 2024, further enhancing our ability to provide clean and safe drinking water to our valued customers.

Now that the treatment plant has been constructed, the next stage of the project requires demonstration of the treatment plants' ability to treat impaired water from seven wells to meet or exceed all federal and state drinking water standards for potable drinking water.

Upon completion of the proving out stages, supporting data will be submitted to the State Water Resources Control Board – Division of Drinking Water for review and approval. Once an approved operating permit is issued, we can then begin serving water to the community from this new resource.

Follow us on Instagram for information about our future Ribbon Cutting Ceremony!

@lapuentewater



Board of Directors

Henry P. Hernandez
President

David E. Argudo
Director

Cesar J. Barajas
Director

William R. Rojas
Vice President

John P. Escalera
Director



Committed to Water Quality: About the Consumer Confidence Report

La Puente Valley County Water District is committed to keeping our customers informed about the quality of their water. We provide a safe, reliable drinking water supply to your homes continuously that meets or exceeds all State and Federal drinking water standards.

Our 2022 Consumer Confidence Report (CCR) is an annual drinking water quality report that the Safe Drinking Water Act requires public water systems to provide to its customers and includes important information on where our water comes from and the quality of your water.

For information or questions regarding this report, please contact Paul Zampielo, (626) 330-2126.

Este informe contiene información muy importante sobre su agua de beber. Tradúzcalo ó hable con alguien que lo entienda bien. Para más información o preguntas con respecto a este informe, póngase en contacto con el Sr. Paul Zampielo, (626) 330-2126.

此報告包含有關您的飲用水的重要信息。可以翻譯此報告或與了解它的人交談。

☒☒告包含有关您的☒用水的重要信息。可以翻☒此☒告或与了解它的人交☒。



Where does your water come from?

La Puente Valley County Water District relies on local groundwater for its water supply. The groundwater supply primarily comes from the District's Wells 2, 3, and 5 located in the Main San Gabriel Basin along with a small portion of water supplied from Industry Public Utilities, who in turn receive water from San Gabriel Valley Water Company.

Water delivered to the District's customers undergoes a significant treatment process. The treatment systems are designed to treat specific types of contaminants. This entire process is monitored closely and the water is sampled regularly to verify the treatment systems are effective.



Groundwater Basin



Drinking Water Source Assessment

In accordance with the Federal Safe Drinking Water Act, an assessment of the drinking water sources for LPVCWD was completed in March 2008. The goal of this assessment was to identify types of activities in the proximity of our drinking water sources that could pose a threat to the water quality. The assessment concluded LPVCWD's water sources are most vulnerable to contaminants from the following activities or facilities, including leaking underground storage tanks (known as contaminant plumes), high-density housing and transportation corridors, including freeways and state highways.

An assessment of the drinking water sources for the San Gabriel Valley Water Company (SGVWC) was updated in October 2008. The assessment concluded SGVWC's water sources are most vulnerable to contaminants from the following activities or facilities, including leaking underground storage tanks (known as contaminant plumes); hardware/lumber/parts stores; hospitals; gasoline stations; above ground storage tanks; spreading basins; storm drain discharge points; and transportation corridors, such as freeways and state highways.



To request a summary of the District's or SGVWC Drinking Water Source Assessment, contact Paul Zampielo at (626) 330-2126.

Precautions for Immuno Compromised People

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised people, such as those with cancer taking chemotherapy, people who have undergone organ transplants, those with HIV/AIDS or other immune system disorders, the elderly and infants, can be particularly at risk from infections. Immuno-compromised people should seek advice about drinking water from their health care providers.

US-EPA/Centers for Disease Control (CDC) guidelines on appropriate means to lessen the risk of infection by Cryptosporidium and other microbial contaminants are available from the Safe Drinking Water Hotline: 1-800-426-4791.



About Your Drinking Water: Sampling Results

Your drinking water is tested thousands of times per year to ensure it meets or exceeds all state and federal drinking water standards. Our water is tested by certified professionals and laboratories to ensure the highest levels of safety.

Contaminants in Drinking Water

Nitrate Advisory

At times, nitrate in your tap water may have exceeded half the MCL, but it was never greater than the MCL. The following advisory is issued because in 2022, the District recorded a nitrate measurement in its treated drinking water above half the nitrate MCL. Nitrate in drinking water at levels above 10 milligrams per liter (mg/L) is a health risk for infants of less than six months of age. Such nitrate levels in drinking water can interfere with the capacity of the infant's blood to carry oxygen, resulting in a serious illness; symptoms include shortness of breath and blueness of the skin. Nitrate levels above 10 mg/L may also affect the ability of the blood to carry oxygen in other individuals, such as pregnant women and those with certain specific enzyme deficiencies. If you are caring for an infant, or you are pregnant, you should ask advice from your health care provider.

Lead and Drinking Water

Regulations require local water agencies to test for lead at all K-12 schools constructed before 2010. K-12 schools (total of 2) within the boundaries of the LPVCWD water system were sampled and tested for lead in 2018. If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing.

LPVCWD is responsible for providing high-quality drinking water, but cannot control the variety of materials used in plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap for 30 seconds to 2 minutes before using water for drinking or cooking. If you are concerned about lead in your water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the **USEPA's Safe Drinking Water Hotline, 1-800-426-4791.**

Standards, Definitions, Acronyms and Abbreviations

The chart in this report shows the following types of water quality standards:

Maximum Contaminant Level (MCL): The highest level of a contaminant that is allowed in drinking water. Primary MCLs are set as close to the PHGs (or MCLGs) as is economically and technologically feasible. Secondary MCLs are set to protect the odor, taste, and appearance of drinking water.

Maximum Residual Disinfectant Level (MRDL): The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.

Primary Drinking Water Standard (PDWS): MCLs, MRDLs and treatment techniques (TTs) for contaminants that affect health, along with their monitoring and reporting requirements.

Regulatory Action Level (AL): The concentration of a contaminant, which, if exceeded, triggers treatment or other requirements that a water system must follow.

Notification Level (NL): NLs are health-based advisory levels established by the State Board for chemicals in drinking water that lack MCLs. When chemicals are found at concentrations greater than their NL, certain requirements and recommendations apply.

The chart in this report includes three types of water quality goals:

Maximum Contaminant Level Goal (MCLG): The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs are set by the USEPA.

Maximum Residual Disinfectant Level Goal (MRDLG): The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.

Public Health Goal (PHG): The level of a contaminant in drinking water below which there is no known or expected risk to health. PHGs are set by the California Environmental Protection Agency.

Treatment Technique (TT): A required process intended to reduce the level of a contaminant in drinking water.

More details available at
lapuentewater.com/conservation

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Stage 1 Water Supply Emergency

The La Puente Valley County Water District Board of Directors voted to return to a Stage 1 Water Supply Emergency on June 12, 2023.

- Outdoor watering is limited to 3 days per week between 5 p.m. to 9 a.m.
- Repair leaks within 5 days after receiving notice from LPVCWD
- No outdoor irrigation between 9am and 5pm



Meet Teddy Treatment

The District would like to introduce its newest employee, Teddy Treatment. Teddy joined the District with an extensive amount of experience in water treatment. He is skilled at explaining difficult concepts to students and children. Teddy will help the District with many useful resources and child-friendly education materials.



New water treatment handouts will feature Teddy Treatment by providing a simplified look at how water is treated. Students will be encouraged to care for water — our most precious resource.



Information About Your Drinking Water

Drinking water sources (both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs and wells. As the water travels over the surface of the land or through the ground, the water dissolves naturally occurring minerals – sometimes including radioactive material – and can also pick up substances resulting from the presence of animals and human activity.

Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the **USEPA's Safe Drinking Water Hotline, 1-800-426-4791**.

Natural Contaminants Present in Source Water Prior to Treatment May Include:

- **Microbial Contaminants:** Such as viruses and bacteria, that may come from sewage treatment plants, septic systems, agricultural livestock operations and wildlife.
- **Inorganic Contaminants:** Such as salts and metals, that can be naturally occurring or result from urban stormwater runoff, industrial or domestic wastewater discharges, oil and gas production, mining, or farming.
- **Pesticides and Herbicides:** That may come from a variety of sources such as agriculture, urban stormwater runoff and residential uses.
- **Organic Chemical Contaminants:** Including synthetic and volatile organic chemicals, which are by-products of industrial processes and petroleum production, and can also come from gasoline stations, urban stormwater runoff, agricultural application, and septic systems.
- **Radioactive Contaminants:** Can be naturally occurring or be the result of oil and gas production and mining activities.



Elevating Water Quality

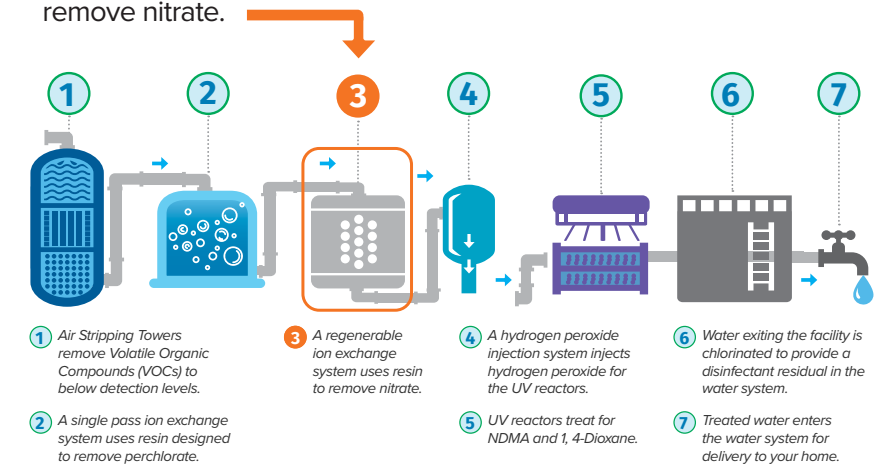
Nitrate is a widespread contaminant in groundwater that is largely associated with historical farming practices and the use of fertilizer in agricultural fields.

We are thrilled to announce that our nitrate treatment project is nearing completion, marking a significant milestone in our efforts to enhance water quality. This regenerable ion exchange treatment process was designed and constructed to effectively remove nitrates from our water sources.

Currently, the project is near 95% complete and is anticipated to be permitted and operational by the end of 2023.

Regenerable Ion Exchange

Nitrates are removed from the groundwater with a regenerable ion exchange system that uses nitrate specific resin. This is the most effective, long-term and financially prudent treatment option to remove nitrate.



Tables show the average and range of concentrations of the constituents tested during the 2022 calendar year. The state allows us to monitor for some contaminants less than once per year because the concentrations of these contaminants do not change frequently.

LA PUENTE VALLEY COUNTY WATER DISTRICT — 2022 WATER QUALITY TABLE

Constituents and (Units)	MCL	PHG or (MCLG)	DLR	Treated Water		Typical Source of Contaminant
				Average (1)	Range (Min-Max)	
Primary Drinking Water Standards — Health-Related Standards						
Inorganic Chemicals						
Arsenic (µg/l)	10	0.004	2	<2 [2]	ND - 2.8	Erosion of natural deposits
Barium (mg/l)	1	2	0.1	0.1	0.11 - 0.21	Erosion of natural deposits
Fluoride (mg/l)	2	1	0.1	0.4	0.19 - 0.39	Erosion of natural deposits
Nitrate as N (mg/l)	10	10	0.4	7.6	2.5 - 8.7	Leaching from fertilizer use
RadioActivity						
Gross Alpha (pCi/l)	15	(0)	3	3.0	ND - 4.93	Erosion of natural deposits
Uranium (pCi/l)	20	0.43	1	1.5	1.2 - 6.4	Erosion of natural deposits
Secondary Drinking Water Standards — Aesthetic Standards, Not Health-Related						
Chloride (mg/l)	500	NA	NA	31.5	14 - 72	Runoff/leaching from natural deposits
Odor (threshold odor number)	3	NA	1	0.02	ND - 1	Naturally occurring organic materials
Specific Conductance (µmho/cm)	1,600	NA	NA	561	420 - 890	Substances that from ions in water
Sulfate (mg/l)	500	NA	0.5	59.9	27 - 100	Runoff/leaching from natural deposits
Total Dissolved Solids (mg/l)	1,000	NA	NA	346	220 - 530	Runoff/leaching from natural deposits
Other Constituents of Interest						
Alkalinity (mg/l)	NA	NA	NA	160.7	150 - 250	Runoff/leaching from natural deposits
Calcium (mg/l)	NA	NA	NA	64.8	49.9 - 113	Runoff/leaching from natural deposits
Hardness as CaCO3 (mg/l)	NA	NA	NA	223	164 - 370	Runoff/leaching from natural deposits
Hexavalent Chromium (µg/l)	10	0.02	1	3.7	2.8 - 7.2	Erosion of natural deposits; industrial waste discharge
Magnesium (mg/l)	NA	NA	NA	15.0	9.7 - 21.3	Runoff/leaching from natural deposits
pH (unit)	NA	NA	NA	7.9	7.7 - 8.1	Hydrogen ion concentration
Potassium (mg/l)	NA	NA	NA	2.7	2.7 - 5.4	Runoff/leaching from natural deposits
Sodium (mg/l)	NA	NA	NA	24	12 - 36	Runoff/leaching from natural deposits

Notes

AL = Action Level
DLR = Detection Limit for Purposes of Reporting
MCL = Maximum Contaminant Level
MCLG = Maximum Contaminant Level Goal
mg/l = parts per million or milligrams per liter
ng/l = parts per trillion or nanograms per liter

MRDL = Maximum Residual Disinfectant Level
MRDLG = Maximum Residual Disinfectant Level Goal
NA = No Applicable Limit
ND = Not Detected at DLR
NL = Notification Level
NTU = Nephelometric Turbidity Units

pCi/l = picoCuries per liter
PHG = Public Health Goal
SMCL = Secondary Maximum Contaminant Level for aesthetic characteristics (taste, odor, color)
TT = Treatment Technique
µg/l = parts per billion or micrograms per liter
µmho/cm = micromhos per centimeter

[1] The results reported in the table are average concentrations of the constituents detected in your drinking water during year 2022 or from the most recent tests. Treated water data from La Puente Valley County Water District and Industry Public Utilities. [2] Constituent was detected but the average result is less than the DLR. [3] Constituent does not have a DLR. Constituent was detected but the average result is less than the analytical Method Reporting Limit. [4] Monitoring data from Industry Public Utilities.

Unless otherwise noted, the data in this table are from the testing performed from January 1 to December 31, 2022. The table lists all the contaminants detected in your drinking water that have federal and state drinking water standards. Detected unregulated contaminants of interest are also included.

Unregulated Constituents Requiring Monitoring

Constituents and (Units)	NL	PHG or (MCLG)	Average (1) Range (Min-Max)		Typical Source of Contaminant
			Average (1)	Range (Min-Max)	
Chlorate (µg/l) [4]	800	NA	4.6	ND - 300	Byproduct of drinking water chlorination; industrial processes
Chlorodifluoromethane (µg/l) [4]	NA	NA	0.001	ND - 0.14	Refrigerant
Molybdenum (µg/l) [4]	NA	NA	0.05	ND - 2.9	Runoff/leaching from natural deposits
Strontium (ppb) [4]	NA	NA	12.1	ND - 660	Runoff/leaching from natural deposits
Vanadium (µg/l)	50	NA	4.5	ND - 4.5	Runoff/leaching from natural deposits

Distribution System Water Quality — Coliform Bacteria

Constituents and (Units)	MCL	MCLG or (MRDLG)	Number of Detections	Number of Violations	Typical Source of Contaminant
Total Coliform Bacteria (state Total Coliform Rule)	>1 positive monthly sample	0	0	None	Naturally present in the environment

Distribution System Water Quality — Other Parameters

Constituents and (Units)	MCL or (MRDL) or <SMCL>	MCLG or (MRDLG)	Average	Range (Min-Max)	Typical Source of Contaminant
Chlorine Residual (mg/l)	(4)	(4)	0.96	0.66-1.35	Drinking water disinfectant added for treatment
Haloacetic Acids (µg/l)	60	NA	2.30	1.2-3.4	By-product of drinking water chlorination
Heterotrophic Plate Count (HPC)	TT	NA	0.07	ND-3	Naturally present in the environment
Odor (threshold odor number)	<3>	NA	ND	ND-3	Naturally occurring organic materials
Total Trihalomethanes (µg/l)	80	NA	12.1	3.6-17.0	By-product of drinking water chlorination
Turbidity (NTU)	<5>	NA	0.04	ND-0.29	Runoff/leaching from natural deposits

Distribution System — Lead and Copper at Residential Taps

Constituents and (Units)	Action Level	PHG	90th Percentile Value	Sites Exceeding AL/Number of Sits	Typical Source of Contaminant
Lead (µg/l)	15	0.2	0.23	1/27	Corrosion of household plumbing
Copper (mg/l)	1.3	0.3	0.14	0/27	Corrosion of household plumbing

A total of 25 residences were tested for lead and copper in August 2020. Lead was detected over the AL in 1 sample, the customer was notified and provide information about mitigating the risk of lead. Copper was detected but none of samples exceeded the AL. The ALs for lead and copper are the concentrations which, if exceeded in more than ten percent of the samples tested, triggers treatment or other requirements that a water system must follow. In 2020, lead was detected over the AL in less than ten percent of the samples; therefore, La Puente Valley County Water District complied with the lead action level. The next required sampling for lead and copper will be performed in the summer of 2023.

School Lead Sampling

Number of Schools Requesting Lead Sampling (2017)	3
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112 N. 1st Street
La Puente, California 91744

 (626) 330-2126  @lapuentewater  lapuentewater.com

The La Puente Valley County Water District was formed in August 1924. In its infancy, most of the water produced from the District's Wellfield was delivered to meet the valley's agricultural irrigation needs. To this day, the District's Wellfield continues to be the District's main source of water supply.

Today the District is governed by a five-member Board of Directors elected at large from its' service area and provides potable water to approximately 9,000 consumers through 2,500 service connections in portions of the cities of La Puente and Industry.



Board Meetings (Reuniones De La Junta Directiva)

2nd and 4th Monday at 4:30 p.m. (2º y 4º lunes a las 4:30 p.m.)
112 N. First Street, La Puente

Office Hours (Horario de Oficina)

Monday – Thursday (lunes a jueves): 7:30 a.m. to 4:00 p.m.
Friday (viernes): 7:00 a.m. to 3:30 p.m.



**Item 9 – Operations & Maintenance
Report**

Memo



To: Honorable Board of Directors
 From: Paul Zampiello, Operations & Maintenance Superintendent
 Date: June 12, 2023
 Re: Monthly Operations & Maintenance Superintendent’s Report

The following report summarizes LPVCWD, IPU Waterworks, BPOU, and PVOU 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 309.39 AF, of which 194.85 AF was delivered to Suburban Water Systems. IPU Waterworks Well No. 5 produced a total of 159.77 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)
	2022	2023	Difference Current - 2022 (%)	2022	2023	Difference Current - 2022 (%)			
LPVCWD 2	160	144	10.0%	179	170	5.0%	26	1,384	53.2
LPVCWD 3	159	131	17.6%	170	138	18.8%	7	1,003	143.3
LPVCWD 5	149	120	19.5%	177	137	22.6%	17	1,400	82.4
COI 5	110	87	20.9%	157	150	4.5%	63	1,290	20.5

- Monthly Water Conservation – A summary of LPVCWD and IPU Waterworks usage for the past 6 months as compared to the previous Year is shown below.

LPVCWD Monthly Water Consumption

Month	2021-22	2022-23	Difference Current - Previous Year (%)	Accumulative Difference (%)
December	100.49	108.13	7.6%	7.6%
January	107.95	97.71	-9.5%	-0.9%
February	111.95	93.94	-16.1%	-6.0%
March	129.15	93.31	-27.8%	-11.4%
April	121.02	105.03	-13.2%	-11.8%
May	10.36	117.13	1030.6%	161.9%

IPU Waterworks Monthly Water Consumption

Month	2021-22	2022-23	Difference Current - Previous Year (%)	Accumulative Difference (%)
December	84.43	86.31	2.2%	2.2%
January	81.27	74.29	-8.6%	-3.2%
February	85.82	71.62	-16.5%	-7.6%
March	99.98	77.16	-22.8%	-11.4%
April	99.61	87.51	-12.1%	-11.6%
May	110.56	95.04	-14.0%	-12.0%

CAPITAL / OTHER PROJECTS

1. LPVCWD Recycled Water Project

DDW finally provided the District with the conditional acceptance of the recycled water system’s Title 22 Engineering Report. This report’s approval allows the recycled water system to be placed into service. Staff has begun conducting site visits to each of the proposed locations to discuss the recycled water retrofit process with customers. Also, Staff had a coordination meeting with the City of Industry’s Engineering team to discuss the process and work necessary to complete the retrofit of the Homestead Museum. The Museum’s service is anticipated to be activated in the coming month.

2. LPVCWD PVOU IZ Project and SZ-South Project.

- Staff has continued conducting bi-weekly project meetings with RC Foster to discuss the plant startup. Also, District staff continued to perform preventative maintenance activities and operational testing for the new PVOU-IZ treatment plant.

- RC Foster crews are working to finalize all onsite construction for the PVOU-IZ Treatment Plant. Recent activities include the engineering team and District operators working on troubleshooting and commissioning the IZ treatment plant, RC Foster working on punch list items with the installation of piping and equipment labeling and working onsite cleanup and maintenance, and Wallace Laboratories was on site to collect soil samples, in landscape area, to evaluate the need for soil amendments.
 - RC Foster has continued onsite construction for the new PVOU-SZ Treatment Plant. Recent construction activities include RC Foster crew working on shade structure installations over analyzer panels and chemical pump skids, RC Foster crew installing drain line from the UVT Optiview panel, and crews are continuing to wire terminations and labeling of electrical equipment.
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: 5 water service lines, one main line repair, one fire hydrant replacement, one blow-off assembly installation, 31 meter replacements, and 17 meter box replacements.
 4. LPVCWD Main St and Bamboo St Service Replacement - Field Staff completed the replacement of 2-inch water located on the corner of Main Street and Bamboo St, which serves the irrigation system for Workman Elementary School. The service line replacement required extensive efforts from the Field Staff and coordination with the City of La Puente for a road closure to complete the necessary water service replacement.
 5. LPVCWD Nitrate Treatment System – Staff conducted the functional system testing of the new Nitrate system and equipment with Evoqua and the electrician. During the testing, several items were identified that needed to address by Evoqua. They have been issued a punch list and are currently working on resolving the minor issues. Once all items have been resolved, the project team will resume testing in preparation for the loading of resin and DDW compliance testing.

DEVELOPMENT PROJECTS

1. LPVCWD New 34-Unit Mix-Used Apartment Building at 15861 Main Street – Staff was recently contacted by a new developer that the project will be moving forward, and the developer requested to begin the first phases of the District’s new development process. Staff provided the Will-serve application and requested project information to be provided. Once the application has been received, Staff will work with the District Engineer to perform a water capacity analysis and provide the developer with a will-serve letter.
2. IPUWS New ADU Project at 308 3rd Avenue – Staff recently received a request to install a new 1-inch water service line at 308 3rd Avenue. Staff provided a cost estimate letter for water capacity fees and the requested construction for the new water service.
3. IPUWS New ADU Project at 13947 Don Julian Road – Staff recently received a deposit for water, capacity fees, and construction cost for a new water meter service to be installed at 13947 Don Julian for a new ADU project. Field staff is scheduling the work necessary to install the new water service and 3/4 inch meter at the property location, and work is anticipated to be completed in the coming weeks.

La Puente Valley County Water District

PRODUCTION REPORT - MAY 2023

LPVCWD PRODUCTION	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2023 YTD	2022
Well No. 2	134.04	121.44	141.96	123.68	130.85								651.98	1411.60
Well No. 3	8.51	4.85	5.27	3.24	8.03								29.90	29.36
Well No. 5	155.66	157.36	169.65	160.99	170.50								814.17	2304.99
Interconnections to LPVCWD	2.13	0.49	2.13	6.04	2.61								13.40	24.06
Subtotal	300.35	284.13	319.02	293.95	312.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1509.45	3770.01
Interconnections to SWS	196.42	190.17	222.24	185.93	194.85								989.61	2168.86
Interconnections to COI	6.22	0.02	3.47	2.99	0.02								12.72	30.90
Interconnections to Others	0.00	0.00	0.00	0.00	0.00								0.00	0.00
Subtotal	202.64	190.19	225.71	188.92	194.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1002.33	2199.76
Total Production for LPVCWD	97.71	93.94	93.31	105.03	117.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	507.12	1570.25
CIWS PRODUCTION														0.00
COI Well No. 5 To SGVWC B5	163.02	156.23	160.18	159.68	159.77								798.88	1957.32
Interconnections to CIWS														
SGVWC Salt Lake Ave	0.43	0.41	0.47	0.48	0.57								2.36	6.33
SGVWC Lomas Ave	69.77	71.68	75.35	90.08	97.06								403.94	1209.58
SGVWC Workman Mill Rd	0.00	0.00	0.00	0.00	0.00								0.00	0.06
Interconnections from LPVCWD	6.22	0.02	3.47	2.99	0.02								12.72	30.90
Subtotal	76.42	72.11	79.29	93.55	97.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	419.02	1246.87
Interconnections to LPVCWD	2.13	0.49	2.13	6.04	2.61								13.40	24.06
Total Production for CIWS	74.29	71.62	77.16	87.51	95.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	405.62	1222.81



Item 10 – Treatment and Supply Report

Memo



To: Honorable Board of Directors
 From: Cesar A. Ortiz, Water Treatment & Supply Superintendent
 Date: June 12, 2023
 Re: Monthly Water Treatment & Supply Superintendent Report

The following report summarizes LPVCWD, IPU Waterworks System, BPOU and PVOU-IZ operational 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 LPVCWD & IPUWS distribution systems for the month; approximately **62** samples were collected. All results met State and Federal drinking water quality regulations.
- **Treatment Monitoring & Compliance** – All water quality compliance samples were collected from all the treatment processes and plant effluent, as required. Approximately **216** samples were collected.
- **Source Monitoring** – All water quality samples were collected from all the Wells, as required. Approximately **25** samples were collected. The table below summarizes LPVCWD Wells’ current water quality for constituents of concern.

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	1.6	31	1.1	17	0.54	26	6.6
LPVCWD 3	NS	NS	NS	NS	NS	NS	8.5
LPVCWD 5	ND	5.0	.54	10	0.21	3.5	8.6

ND – None Detected
 NS – Not Sampled

- The Bi-monthly Nitrate Concentrations for SP-6 and SP-10 are provided as **Attachment 1**.

OPERATIONAL UPDATES & PROJECTS

- 1) **BPOU** Treatment Plant – Nitrate Project is still under construction and nearing completion. The treatment plant is normal operation flowing through the bypass.
- 2) **BPOU** Treatment Plant Repairs & Maintenance – Staff has performed various weekly chemical calibrations, monthly analyzer cleanings and calibrations, SPIX pre-filter change-outs, daily treatment plant rounds and monthly reporting.
- 3) **PVOU-IZ** Treatment Plant – Staff is now operating the plant for 5 to 6 hours a day at 1000gpm and discharging through the storm drain per the NPDES Permit. Also conducting O&M activities as part of the start-up and troubleshooting process at the plant site and at the off-site wells, including chemical skid cleanings, draw down calibrations, residuals testing and well repairs coordination. Staff continue to acquire spare parts for inventory and tools and supplies for maintenance and we are now assuming a more prominent operations role, as requested by Northrop Grumman.
- 4) **PVOU-SZ** Treatment Plant – Under Construction, most equipment has been delivered and has been installed and are in the processes of being commissioned by each vendor. Electrical work is continuing by the electrical contractor. RO membranes have been delivered on site, along with some media. Staff has begun to do O&M maintenance oversight.
- 5) **IPUWS** Well No. 5 – Between Tesco and Hunter Electric - The Well is running and supplying water to SGVWC's B-5 facility in Hand operation, under the request of SGVWC. All electrical repairs have been completed. In order to return the control of the well to Auto, control issues found in the Tesco panel need to be addressed. Currently, Tesco has completed the repairs to the PLC and Panel at their facility and is in the process of troubleshooting continuous voltage in the communications lines, along with Hunter Electric.

**SP-6 and SP-10
Nitrate Concentrations
EPA Method 353.2
MCL = 10 mg/L**

Nitrate Concentrations April 2023 - May 2023				
Date	SP-6	SP-10	Well(s)	Comments
4/3/2023	7.4	7.4	2 & 5	Weck Lab (353.2)
4/6/2023	7.1	7.1	2 & 5	Weck Lab (353.2)
4/10/2023	7.6	7.6	2 & 5	Weck Lab (353.2)
4/17/2023	7.3	7.2	2 & 5	Weck Lab (353.2)
4/24/2023	7.1	7.1	2 & 5	Weck Lab (353.2)
4/27/2023	6.9	6.9	2 & 5	Weck Lab (353.2)
5/1/2023	7.8	7.8	2 & 5	Weck Lab (353.2)
5/4/2023	7.6	7.6	2 & 5	Weck Lab (353.2)
5/8/2023	7.7	7.8	2 & 5	Weck Lab (353.2)
5/11/2023	7.7	7.7	2 & 5	Weck Lab (353.2)
5/15/2023	7.7	7.6	2 & 5	Weck Lab (353.2)
5/19/2023	7.4	7.4	2 & 5	Weck Lab (353.2)
5/22/2023	7.5	7.5	2 & 5	Weck Lab (353.2)
5/30/2023	7.5	7.5	2 & 5	Weck Lab (353.2)

AVERAGE	7.5	7.4
MINIMUM	6.9	6.9
MAXIMUM	7.8	7.8

Notes:
All units reported in milligrams per Liter (mg/L)
MCL = Maximum Contaminant Level



112 N. First St.
La Puente, Ca 91744

Attachment 1



Item 11 –General Manager's Report



Item 12 – Other Items

Upcoming Events



Date: June 12, 2023

To: Honorable Board of Directors

RE: Upcoming Board Approved Meetings and Conferences for 2023

Day/Date	Event	<u>Argudo</u>	<u>Barajas</u>	<u>Escalera</u>	<u>Hernandez</u>	<u>Rojas</u>
October 3-5, 2023	AWWA WaterSmart Innovations Conference 2023			X	X	
October 23-26, 2023	AWWA CA-NV Annual Fall Conference 2023			X	X	

