



**A REGULAR MEETING OF THE BOARD OF DIRECTORS  
UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
248 E. FOOTHILL BLVD. ROOM #103, MONROVIA, CA 91016  
4:00 P.M. – JANUARY 10, 2024**

**AGENDA**

1. PLEDGE OF ALLEGIANCE
2. ROLL CALL OF BOARD OF DIRECTORS
3. ADOPTION OF AGENDA [1]
4. ELECTION OF OFFICERS FOR CALENDAR YEAR 2024 [1]
  1. President
  2. Vice President
  3. Treasurer
  4. Secretary
5. PUBLIC COMMENT

Anyone wishing to discuss items should do so now. The Board of Directors may allow additional input during the meeting. A three-minute time limit on remarks is requested.
6. COMMITTEE REPORTS [2] - None.
7. CONSENT CALENDAR [1]
  - (a) Minutes of a special meeting of the Board of Directors held on December 06, 2024 at 4:00 p.m.
  - (b) List of Demands
  - (c) Financial Reports – November 2023
    1. Financial Statements
    2. Director's Public Outreach
  - (d) Negotiated Tax Exchange Resolution - Annexation of Petition No. 56-1221 to County Lighting Maintenance District 1687
  - (e) Receive and file the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023
8. ACTION/DISCUSSION ITEMS [1]
  - (a) Upper District's 2024 Meeting Schedule (*Staff memorandum enclosed.*)

**Recommendation**

Staff recommends that the Board of Directors reschedule board and/or committee meetings affected by holidays and conferences in 2024.

9. INFORMATION ITEMS [2]
  - (a) Press Releases and News Articles.

10. ATTORNEY'S REPORT [2]
11. ENGINEER'S REPORT [2]
12. GENERAL MANAGER'S REPORT [2]
13. METROPOLITAN REPORT [2]
14. WATER QUALITY AUTHORITY REPORT [2]
15. WATERMASTER REPORT [2]
16. AB 1234 COMPLIANCE REPORT [2]
17. DIRECTOR'S COMMENTS [2]
18. FUTURE AGENDA ITEMS [1]
19. ADJOURN TO CLOSED SESSION – None.
20. ADJOURNMENT - To a regular meeting of the Board of Directors to be held on January 24, 2024 at 4:00 p.m. at 248 E. Foothill Blvd. Room #103, Monrovia, CA 91016.

LEGEND: [1] INDICATES ACTION ANTICIPATED BY BOARD OF DIRECTORS ON THIS ITEM  
[2] INDICATES INFORMATION ITEM - NO BOARD ACTION NECESSARY

**PRESIDENT JENNIFER SANTANA, PRESIDING**



**American Disabilities Act Compliance** (*Government Code Section 54954.2(a)*)

To request special assistance to participate in this meeting, please contact the Upper District office at (626) 443-2297 or [venessa@usgvmwd.org](mailto:venessa@usgvmwd.org) at least 24 hours prior to meeting.



**A SPECIAL MEETING OF THE BOARD OF DIRECTORS  
OF THE UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
119 W. PALM AVENUE, MONROE ROOM, MONROVIA, CALIFORNIA 91016  
4:30 P.M. – DECEMBER 06, 2023**

7. (a)  
Minutes

A special meeting of the Board of Directors was held in the Monroe Room of the City of Monrovia Community Center, 119 W. Palm Ave., City of Monrovia, County of Los Angeles, State of California, on December 06, 2023 at the hour of 4:30 p.m.

**ROLL CALL**

**DIRECTORS PRESENT:** Treviño, Chavez, Garcia, Fellow, and Santana.

**DIRECTORS ABSENT:** None.

**STAFF PRESENT:** Tom Love, General Manager; Steve O'Neill, District Counsel; Steve Johnson, District Engineer; Patty Cortez, Assistant General Manager, External Affairs; Evelyn Rodriguez, Chief Financial Officer/Chief Administrative Officer; Venessa Navarrette, Executive Assistant; Jennifer Aguilar, Water Use Efficiency Analyst.

**OTHERS PRESENT**

Lenet Pacheco, Kelly Gardner, and Anya Kwan.

**ADOPTION OF AGENDA**

On motion by Treasurer Garcia, seconded by Director Treviño, the agenda was unanimously adopted as presented.

**PUBLIC COMMENT**

None.

**COMMITTEE REPORTS**

Next scheduled committee meeting dates are as follows:

- (a) Government Affairs and Community Outreach – January 8, 2024 at 4:00 p.m.
- (b) Administration and Finance – January 2, 2024, at 4:00 p.m.
- (c) Water Resources and Facility Management – January 3, 2024, at 4:30 p.m.

**CONSENT CALENDAR**

On motion by Treasurer Garcia, seconded by Director Treviño, the consent calendar was unanimously approved.

- (a) Minutes of a regular meeting of the Board of Directors held on November 08, 2023, at 4:00 p.m.
- (b) List of Demands.
- (c) Financial Reports – October 2023.
  - 1. Financial Statements.
  - 2. Director's Public Outreach.

**PURCHASE OF UNTREATED  
WATER FOR THE UPPER  
DISTRICT'S CYCLIC STORAGE  
ACCOUNT**

The General Manager reported that Upper District has been working to maximize Metropolitan Water District's delivery to its cyclic account this year. He shared that the estimated amount has changed multiple times since the start of delivery in June 2023 due to various shutdowns and other flow issues that have occurred. The General Manager explained that current estimate for total cyclic delivery is 50,000 AF. He reported that Metropolitan's cyclic account has a balance of 24,000 AF from 2022 which will bring the total to 74,000 AF of cyclic water available for purchase.

The General Manager stated that Upper District would like to purchase cyclic water and needs approval before January 2024 in order to avoid the additional surcharge. He explained that the goal is to empty Metropolitan's cyclic account with the help of Watermaster. He stated that depending on Watermaster's needs, there could be, at most, 10,000 AF available for purchase by Upper District. He then added that it will most likely be less than 10,000 AF, but would like to secure approval of the whole amount in case additional purchases can be made next year.



President Santana asked what the dollar amount of this purchase would be. The General Manager stated that at \$855 per AF, the cost of 10,000 AF would be \$8.55 million.

Vice President Fellow moved to approve staff recommendation to authorize the General Manager to purchase up to 10,000 acre-feet of untreated water for the Upper District's cyclic storage account. Treasurer Garcia seconded the motion, which was unanimously approved.

#### **AWARD OF WATER EDUCATION GRANTS FOR FY 2023-24**

Patty Cortez, Assistant General Manager, External Affairs, provided a report on the 22 grant applications that were received for the FY 2023-24 Water Education Grant Program. She shared that one application requires board direction and further discussion. She explained that while the school is not within Upper District's service area, the sponsoring program fall within the service area. She explained that two recommendations are presented depending on the board's decision regarding this application.

Secretary Chavez asked if it would be possible to have presentations on some of these programs after they are approved and completed, especially the video project up for discussion. The Assistant General Manager concurred adding this was something staff has discussed and was going to pursue in this grant cycle.

Treasurer Garcia shared the while the school in question is not in the service area, some students attending the school could be living within the District's service area since the high school pulls from the whole region.

President Santana asked if this decision would set a precedent for this program. The Assistant General Manager stated that this decision is not changing the policy and that similar applications in the future will be brought to the board for discussion and approval.

Director Treviño moved to approve staff recommendation to fund 22 grant applications for water education programs per Upper District's FY 23-24 Water Education Grant Program for a total of \$19,648.17. Secretary Chavez seconded the motion, which was unanimously approved.

#### **INFORMATION ITEMS**

The following items listed on the agenda for the information of the Board were read and ordered received and filed:

- (a) Press Releases and News Articles

#### **ATTORNEY'S REPORT**

District Counsel reported on transactional matters and recent work with staff on finalizing the audit letter, contract templates, the language for an opt-out document, and executing other prior board documents.

#### **ENGINEER'S REPORT**

The District Engineer reported on hydrologic conditions, basin deliveries, reservoir storage, canyon inflows and releases, and rainfall average. He stated that the Baldwin Park Key Well groundwater elevation was 226.4 feet as of December 1, 2023. He shared that the key well is at the middle of its operational level and has dropped two feet during the most recent shutdown in deliveries. He reported that there is approximately 15,000 AF in storage at this time.

He stated 71 wells were sampled in November and 39 wells in October under the Title 22 Program. He also reported that there were no notices of new wells shutdown due to water quality issues.

The District Engineer also shared that at President Santana's request there will be a PFAS report coming to the board for review once the data is released from the EPA.

A written report was also provided in the Board's agenda packet.



## GENERAL MANAGER'S REPORT

The General Manager reported that it has been 11 years since the key well was this high. He shared the history of the deliveries over the past eight years including a time when deliveries to USG-3 were stopped due to Quagga Mussel concerns. The General Manager explained that on December 1<sup>st</sup>, the SWP allocation was announced at 10%. He shared that this is disappointingly low and is due to the low levels at the San Luis Reservoir. He explained that at a 10% allocation, Metropolitan will not be making any cyclic account deliveries. He reported letting Metropolitan know that the basin can take deliveries whenever water is available.

The General Manager reported that the elevator work in the building is complete, but is pending inspection which could potentially be scheduled the following week. The General Manager stated that the electric charging station installations without City of Monrovia funding will still result in cost savings to the District. He shared that there will be three stations in the public area and four within the parking garage. He reported that contractors were at the building today to start preliminary work and that installation of the chargers will be in January. The General Manager stated that there has been communication with the manufacturer of the HVAC systems for the repair of the two defective units.

The General Manager reported that the District holiday dinner is scheduled for December 21<sup>st</sup> at The Derby in Arcadia at 5pm. He also shared that the next board meeting will be held on January 10<sup>th</sup> and that the Executive Assistant will be preparing a meeting calendar for 2024. He added that the officers for 2024 will be elected at the January 10<sup>th</sup> meeting.

Secretary Chavez asked for an update on the spreading basins percolation rate. The General Manager shared that the County is working to remove sediment and algae which should help improve the percolation rate.

Treasurer Garcia asked about the Quagga Mussel scare in 2017. The General Manager shared that live veliger were found in the SWP, likely from a CRW issue. He reported that the Quagga Mussel Control Plan will be updated annually.

President Santana asked if the water not delivered this year could be delivered next year. The General Manager stated that the SWP allocation will likely increase and that Metropolitan will adjust its operations accordingly. He added that there will be a firm service delivery in the fall either way.

## METROPOLITAN REPORT

Vice President Fellow reported that the Metropolitan Board met recently to discuss the financing for Pure Water. He also shared that the Board met at Gene Camp this week to hear about the tribal council, Colorado River issues, and the housing accommodations for Metropolitan staff working at Gene Camp.

A written report was also provided in the Board's agenda packet.

## WATER QUALITY AUTHORITY REPORT

Secretary Chavez reported that a discussion was held at their last meeting regarding cost of living adjustments (COLA), types of employees, and policy language regarding COLA.

A summary report was included in the packet.

## WATERMASTER REPORT

Vice President Fellow reported that Watermaster presented a commendation to David De Jesus for his retirement from Covina Irrigating Company. He also reported that the Watermaster board approved 26 cyclic agreement renewals and one water purchase. He added that the next meeting will be held on January 3, 2024.

Secretary Chavez asked about Watermaster's joint committee meeting. The General Manager shared that there will be a joint meeting of the Watermaster Administration and Finance Committee on December 20, 2023 at 1:30pm.

A summary report was also included in the packet.

**AB 1234 COMPLIANCE REPORT**

A summary report was included in the packet.

**DIRECTORS COMMENTS**

Secretary Chavez shared that he will be celebrating his 60<sup>th</sup> birthday on Sunday.

Treasurer Garcia shared her excitement about the education grant options discussed at the meeting.

Vice President Fellow shared that he would like to see if Upper District could have some of the students from Monrovia High School do internships through their internship program. He also asked that the meeting be adjourned in memory of Leonard Tibbs.

President Santana wished everyone a happy holiday season.

**FUTURE AGENDA ITEMS**

None.

**ADJOURN TO CLOSED SESSION**

A closed session was held pursuant to Government Code section 54956.9; Potential litigation: one case.

**REPORT ON CLOSED SESSION**

The Board reconvened after closed session. District Counsel stated that following the report provided by special counsel, the Board and gave instructions to special counsel and that no other reportable action was taken.

**ADJOURNMENT**

President Santana asked if there were any other business to come before the Board. There being none, the meeting was duly adjourned in memory of Leonard Tibbs to a regular meeting of the Board of Directors to be held on January 10, 2024, at 4:00 p.m. at 248 E. Foothill Blvd., Room #103, Monrovia, CA 91016.

\_\_\_\_\_  
PRESIDENT

ATTEST

\_\_\_\_\_  
SECRETARY

SEAL



Demands numbered 22222 through 22252 on the General Fund Account of the Upper District at Citizens Business Bank, in the amount of \$349,769.69 and demands numbered 1195 through 1200 on the Water Fund Account at the same bank in the amount of \$738,189.58.

22222	Michael Lim	Inv. 00-0001082, Heartsaver First Aid CPR AED Course (Previously paid 11/20/23)	\$	630.00
22223	GMS Elevator Service, Inc.	Inv. 117766, Building Elevator Modernization, Payment No. 2 (Previously paid 11/20/23) (Board approved 5/24/23)		28,747.20
22224	789, Inc.	Inv. USGV-320211, Marketing and Creative Services, December 2023 (Board approved 7/12/23)		5,575.00
22225	Aaron Read & Associates, LLC	Inv. 213120, State and Legislative Advocacy Services, November 2023 (Board approved 10/12/22)		10,000.00
22226	ACWA/JPIA	Inv. 0701029, Health Insurance Premium - December 2023		25,369.74
22227	Aleshire & Wynder, LLP	Professional Services, September 2023 Inv. 80655, Transactional Fees Inv. 80656, Retainer Professional Services, October 2023 Inv. 81889, Retainer Inv. 81890, Transactional Fees Inv. 81891, Transactional Fees (Board approved 04/13/22)	1,512.50 4,404.00  4,404.00 2,035.00 81.20	12,436.70
22228	Best Best & Krieger, LLP	Inv. 981110, Federal Legislative Advocacy Services through 10/31/23 (Board approved 10/12/22)		7,500.00
22229	BizFed	Inv. 5421, 2024 Annual Membership Dues		7,000.00
22230	City of Monrovia	Inv. 2400625, MAA Funding - Water Conservation Video		5,000.00
22231	Civic Publications, Inc.	Inv. 1806, 2023 Community Profiles Magazine		5,600.00
22232	EcoTech Services, Inc.	Inv. 2831, Home Leak Repair Kits, October 2023 Inv. 2855, Landscaping Maintenance, December 2023 (Board approved 06/08/23)	4,185.00 900.00	5,085.00
22233	G3LA, LLC	Inv. 1215, Resilient Alternatives to Lawn Workshop, November 2023		1,500.00
22234	HCI Systems, Inc.	Inv. 10056420, Troubleshoot Fire Alarm		969.00
22235	Image Property Services, LLC	Inv. MCS-10797, Janitorial Services, November 2023		1,907.59
22236	Joey C. Soto	Inv. 2023-UD-GA-OCT-109, Grant Writing Services, October 2023 (Board approved 06/08/22)		662.50
22237	John Robinson Consulting, Inc.	Inv. UD202301-06, As-needed Engineering Support Services, October 2023		2,640.00
22238	Kelly Services, Inc.	Inv. 0303049623, Temporary Services Week Ending 10/29/23 (Board approved 02/17/19)		1,763.79
22239	Land's End Business Outfitters	Inv. SIN11597359, UD Logo Items		71.46
22240	Rogers, Anderson, Malody & Scott, LLP	Inv. 73825, Progress Payment for FY 22/23 Audit (Board approved 2/09/22)		10,025.00
22241	Stetson Engineers, Inc.	Inv. 2533-210, General Engineering Support Services, September 2023		19,494.57
22242	Theodore Payne Foundation For Wild Flowers and Native Plants, Inc.	Inv. 04/13/UD, 21st Annual Native Plant Garden		500.00
22243	Upper District Payroll Fund	Inv. Oct 23, Reimbursement of Payroll and Payroll Taxes for Employees Inv. Oct 23D, Reimbursement of Payroll Taxes for Directors	142,469.43 10,701.82	153,171.25
22244	Upper District Revolving Fund	Inv. Nov 23, Revolving Fund Account Replenishment - November 2023 Office Supplies Computer Systems/Equipment/Maintenance/Insurance/Outside Service Directors's Outreach Telephone/Utilities/Building Maintenance Meeting/Travel/Conferences/Dues/Assessments/Membership Water Conservation Program Expenses WRP Operation & Maintenance/Permits/Water Purchases/PM/Public Info Medical/ODA Reimbursement/Processing Fee/Retirement Plan/Overdeposit	574.14 461.19 1,520.00 3,631.67 15.33 507.27 4,312.89 10,090.22	21,112.71
22245	Urban Water Institute	Inv. 2024, Membership Dues CY 2024		1,375.00

22246	U.S. Bank Corporate Payment System	CalCard Changes through 11/22/23 Meetings, Travel, Conferences Computer Systems/Office Equipment/Supplies/Maintenance & Service/Utilities Conservation Program Expenses, Education and Outreach	6,755.48 1,870.76 <u>1,057.47</u>	9,683.71
22247	Anthony Fellow	Director's Compensation, October 2023 10 Days District Business 9 MWD Business Meeting/Travel Expenses/Allowance Less Deferred Comp. Less Taxes Withheld	2,550.00 2,295.00 516.87 (500.00) <u>(1,505.75)</u>	3,356.12
22248	Katarina Garcia	Director's Compensation, October 2023 7 Days District Business Meeting/Travel Expenses/Allowance Less Deferred Comp. Less Taxes Withheld	1,785.00 516.87 (500.00) <u>(292.05)</u>	1,509.82
22249	Anthony Fellow	Director's Compensation, November 2023 10 Days District Business 10 MWD Business Meeting/Travel Expenses/Allowance Less Deferred Comp. Less Taxes Withheld	2,550.00 2,550.00 516.87 (500.00) <u>(1,567.07)</u>	3,549.80
22250	Ed Chavez	Director's Compensation, November 2023 10 Days District Business Meeting/Travel Expenses/Allowance Less Deferred Comp. Less Taxes Withheld	2,550.00 516.87 (500.00) <u>(1,850.78)</u>	716.09
22251	Jennifer Santana	Director's Compensation, November 2023 5 Days District Business Meeting/Travel Expenses/Allowance Less Deferred Comp. Less Taxes Withheld	1,275.00 516.87 (500.00) <u>(188.44)</u>	1,103.43
22252	Katerina Garcia	Director's Compensation, November 2023 8 Days District Business Meeting/Travel Expenses/Allowance Less Deferred Comp. Less Taxes Withheld	2,040.00 516.87 (500.00) <u>(342.66)</u>	1,714.21
			<b>TOTAL</b>	<b>\$ 349,769.69</b>
1195	Central Basin MWD	Invoice No. USGV-OC 123, Purchase of 3.2 AF of Recycled Water in September 2023 (Previously paid 12/01/23)		\$ 2,341.77
1196	City of Industry City Hall	Invoice No. R10312023-D, Purchase of 46.6 AF of Recycled Water in October 2023		16,077.00
1197	City of Industry City Hall	Invoice No. R10312023-E, CIP Charge for October 2023 @ \$98 per AF		4,566.80
1198	Metropolitan Water District	Invoice No. 11308, Purchase of 215.4 AF of Treated Water in October 2023		695,803.65
1199	San Gabriel Valley MWD	Invoice No. 558, 80.11 AF of Water Delivered through the Alhambra/MWD Exchange Agreement in September 2023 @ \$220 per AF		17,624.20
1200	Suburban Water System	Invoice No. 6740, Phase IIB Normal Operating Charge, November 2023		<u>1,776.16</u>
			<b>TOTAL</b>	<b>\$ 738,189.58</b>



Board of Directors  
Upper San Gabriel Valley Municipal Water District

**7. (b)**  
**List of Demands**

Submitted herewith for action by the Board of Directors of the Upper San Gabriel Valley Municipal Water District are the following demands on the District's General Fund Account at Citizens Business Bank:

22253	Charles Treviño	Director's Compensation, November 2023 10 Days District Business Meeting/Travel Expenses/Allowance Less Deferred Comp. Less Taxes Withheld (Previously paid 12/12/23)	2,550.00 516.87 (500.00) (525.85)	\$ 2,041.22
22254	GMS Elevator Service, Inc.	Inv. 118131, Building Elevator Modernization, Payment No. 3 (Previously paid 12/12/23) (Board approved 5/24/23)		28,747.20
22255	Aleshire & Wynder, LLP	Professional Services, November 2023 Inv. 82635, Retainer Inv. 82569, Transactional Fees Inv. 82568, Transactional Fees (Previously paid 12/12/23) (Board approved 04/13/22)	4,404.00 40.60 2,253.70	6,698.30
22256	Department of Water & Power	Inv. GA433934, Recycled Water Program Permit Fees (Previously paid 12/22/23)		83.33
22257	Registrar-Recorder/County Clerk	Inv. 23-2201, General Election Costs, November 2022 (Previously paid 12/22/23)		535,795.76
22258	789, Inc.	Inv. USGV-328121, Marketing and Creative Services, January 2024 (Board approved 7/12/23)		5,575.00
22259	Accent Computer Solutions, Inc	Inv. 160166, IT Management Support, November 2023 (Board approved 02/09/22)		2,891.27
22260	ACWA/JPIA	Inv. 0701300, Health Insurance Premium - January 2024		27,945.12
22261	Azusa Light & Water	Inv. 4578, MAA Program Reimbursement		1,970.00
22262	Bassett High School	Inv. GRNT 23-24, Water Education Grant FY 2023-24 Inv. GRNT 23-24A, Water Education Grant FY 2023-24 Inv. GRNT 23-24B, Water Education Grant FY 2023-24 (Board approved 12/06/23)	1,000.00 1,000.00 1,000.00	3,000.00
22263	Best Best & Krieger, LLP	Inv. 983250, Federal Legislative Advocacy Services through 11/30/23 (Board approved 10/12/22)		7,500.00
22264	Bright Horizon Landscape	Inv. 2023206, Charging Port Base Construction		1,530.00
22265	City of Covina Parks & Rec. Dept.	Inv. 2024UD, Year Round Sponsorships		1,000.00
22266	Coronado High School	Inv. GRNT 23-24, Water Education Grant FY 2023-24 Inv. GRNT 23-24A, Water Education Grant FY 2023-24 Inv. GRNT 23-24B, Water Education Grant FY 2023-24 (Board approved 12/06/23)	1,000.00 1,000.00 976.50	2,976.50
22267	Cuong Luu	Inv. GRNT 23-24, Water Education Grant FY 2023-24 (Board approved 12/06/23)		1,000.00
22268	EcoTech Services, Inc.	Inv. 2874, Home Leak Repair Kits, November 2023 Inv. 2888, Landscaping Maintenance, January 2024 (Board approved 06/08/22)	945.00 900.00	1,845.00
22269	Image Property Services, LLC	Inv. MCS-11122, Janitorial Services, December 2023		1,907.59
22270	Jim Hague	Inv. GRNT 23-24, Water Education Grant FY 2023-24 (Board approved 12/06/23)		980.00
22271	Joey C. Soto	Inv. 2023-UD-GA-NOV-110, Grant Writing Services, November 2023 (Board approved 06/08/22)		720.00
22272	John Robinson Consulting, Inc.	Inv. UD202301-07, As-needed Engineering Support Services, November 2023		825.00
22273	Mariah Heller	Inv. GRNT 23-24, Water Education Grant FY 2023-24 (Board approved 12/06/23)		1,000.00
22274	Media Marketing Services, Inc.	Inv. USG W23127, Bottle Water Program, December 2023		3,422.00
22275	Michael Naka	Inv. GRNT 23-24, Water Education Grant FY 2023-24 Inv. GRNT 23-24A, Water Education Grant FY 2023-24 (Board approved 12/06/23)	600.00 338.17	938.17
22276	Occu-Med, LTD	Inv. 1223788OA, Pre-employment Medical		184.50
22277	Rogers, Anderson, Malody & Scott, LLP	Inv. 74007, Progress Payment for FY 22/23 Audit (Board approved 2/09/22)		2,500.00
22278	Spectrum Reach/Charter	Inv. 280021672, Public Information, July 2023 Inv. 280021673, Public Information, July 2023	1,782.50 1,500.00	3,282.50

22279	SPUSD	Inv. GRNT 23-24, Water Education Grant FY 2023-24 (Board approved 12/06/23)		1,000.00
22280	Stetson Engineers, Inc.	Inv. 2533-211, General Engineering Support Services, October 2023		22,968.21
22281	St. Luke Catholic School	Inv. GRNT 23-24, Water Education Grant FY 2023-24 Inv. GRNT 23-24A, Water Education Grant FY 2023-24 Inv. GRNT 23-24B, Water Education Grant FY 2023-24 Inv. GRNT 23-24C, Water Education Grant FY 2023-24 Inv. GRNT 23-24D, Water Education Grant FY 2023-24 Inv. GRNT 23-24E, Water Education Grant FY 2023-24 Inv. GRNT 23-24F, Water Education Grant FY 2023-24 Inv. GRNT 23-24G, Water Education Grant FY 2023-24 Inv. GRNT 23-24H, Water Education Grant FY 2023-24 (Board approved 12/06/23)	886.00 995.00 542.00 688.50 637.00 857.00 721.00 700.00 727.00	6,753.50
22282	Sierra Vista High School	Inv. GRNT 23-24, Water Education Grant FY 2023-24 (Board approved 12/06/23)		1,000.00
22283	The House of Printing, Inc.	Inv. 169354, UD Logo Items Inv. 169924, UD Logo Items	599.23 147.94	747.17
22284	True Intent USA	Inv. 12/21/23UD, True Intent USA Day Sponsorship		1,500.00
22285	Upper District Payroll Fund	Inv. NOV 23, Reimbursement of Payroll and Payroll Taxes for Employees Inv. NOV 23D, Reimbursement of Payroll Taxes for Directors Inv. NOV 23DA, Reimbursement of Payroll Taxes for Directors	152,448.81 13,559.53 1,798.52	167,806.86
22286	Upper District Revolving Fund	Inv. DEC 23, Revolving Fund Account Replenishment - December 2023 Office Supplies Computer Systems/Equipment/Maintenance/Insurance/Outside Service Directors's Outreach Telephone/Utilities/Building Maintenance Meeting/Travel/Conferences/Dues/Assessments/Membership Water Conservation Program Expenses WRP Operation & Maintenance/Permits/Water Purchases/PM/Public Info Medical/ODA Reimbursement/Processing Fee/Other	1,308.26 1,398.62 750.00 3,610.12 105.95 1,216.24 48,673.47 8,789.61	65,852.27
22287	U.S. Bank Corporate Payment System	CalCard Changes through 12/22/23 Meetings, Travel, Conferences Computer Systems/Office Equipment/Supplies/Maintenance & Service/Utilities Conservation Program Expenses, Education and Outreach	8,759.80 736.27 4,443.09	13,939.16
22288	Water Education for Latino Leaders	Inv. 2022-42, Membership Dues CY 2024		10,000.00
22289	Ed Chavez	Director's Compensation, December 2023 10 Days District Business Meeting/Travel Expenses/Allowance Less Deferred Comp. Less Taxes Withheld	2,550.00 908.89 (600.00) (1,824.45)	1,034.44
22290	Charles Treviño	Director's Compensation, December 2023 9 Days District Business Meeting/Travel Expenses/Allowance Less Deferred Comp. Less Taxes Withheld	2,040.00 516.87 (500.00) (405.85)	\$ 1,651.02
22291	Jennifer Santana	Director's Compensation, December 2023 5 Days District Business Meeting/Travel Expenses/Allowance Less Deferred Comp. Less Taxes Withheld	1,275.00 516.87 (500.00) (188.29)	1,103.58
22292	Katarina Garcia	Director's Compensation, December 2023 5 Days District Business Meeting/Travel Expenses/Allowance Less Deferred Comp. Less Taxes Withheld	1,275.00 516.87 (500.00) (175.33)	1,116.54
22293	Anthony Fellow	Director's Compensation, December 2023 6 Days District Business 4 MWD Business Meeting/Travel Expenses/Allowance Less Deferred Comp. Less Taxes Withheld	1,530.00 1,020.00 516.87 (500.00) (991.27)	1,575.60
TOTAL				\$ 944,406.81



Board of Directors  
Upper San Gabriel Valley Municipal Water District

Submitted herewith for action by the Board of Directors of the Upper San Gabriel Valley Municipal Water District are the following demands on the District's Water Fund Account at Citizens Business Bank:

1201	Central Basin MWD	Invoice No. USGV-NOV23, Purchase of 3.4 AF of Recycled Water in October 2023 (Previously paid 01/04/24)	\$ 2,448.30
1202	City of Industry City Hall	Invoice No. R11302023-D, Purchase of 36.2 AF of Recycled Water in November 2023	12,489.00
1203	City of Industry City Hall	Invoice No. R11302023-E, CIP Charge for November 2023 @ \$98 per AF	3,547.60
1204	Metropolitan Water District	Invoice No. 11338, Purchase of 270.9 AF of Treated Water in November 2023	321,627.00
1205	San Gabriel Valley MWD	Invoice No. 559, 85.27 AF of Water Delivered through the Alhambra/MWD Exchange Agreement in November 2023 @ \$220 per AF	18,759.40
1206	Suburban Water System	Invoice No. 6745, Phase IIB Normal Operating Charge, December 2023	1,776.16

**TOTAL** \$ 360,647.46

**MAS 90 BALANCES**

DRAFT

UPPER SAN GABRIEL VALLEY MWD  
FINANCIAL SUMMARY FOR NOVEMBER 30, 2023

Expenses	FY ACTUAL MONTH	FY ACTUAL YEAR-TO-DATE	FY 2023-24 BUDGET	AMOUNT OF BUDGET REMAINING	PERCENT OF BUDGET REMAINING	Comments
Administrative Expenses	\$ 202,021	\$ 954,083	\$ 2,848,200	\$ 1,894,117	66.5%	YTD expenses include payment of annual contribution to CalPERS related to Upper District's unfunded accrued liability.
Water Conservation Program	145,577	626,219	2,078,200	1,451,981	69.9%	YTD actuals are consistent with budgeted numbers.
Stormwater Program	3,558	17,790	42,700	24,910	58.3%	YTD actuals are consistent with budgeted numbers.
Water Recycling Program	153,147	660,228	2,178,200	1,517,972	69.7%	As of November 30th, total recycled water purchases is 998 AF.
Water Quality and Supply Program	55,112	251,723	589,700	337,977	57.3%	YTD actuals are consistent with budgeted numbers.
Water Purchases	268,432	11,851,635	39,433,600	27,581,965	69.9%	As of November 30th, Upper District has delivered 1,224 AF of treated water and 11,873 AF of untreated water. Additional untreated water will be purchased in December.
Operating Expenses	827,847	14,361,678	47,170,600	32,808,922	69.6%	
Operating Revenues	459,419	14,464,634	47,346,100	32,881,466	69.4%	As of November 30th, total untreated water sales is 11,873 AF. Additional untreated water will be sold in December.
Net Reserve Activity from Operations (-/+)	(368,428)	102,956	175,500	n/a	n/a	
Capital Expenditures	30,532	33,568	217,000	183,432	84.5%	
Capital Program Revenues	-	-	-	-	0.0%	
Net Change in Cash Due to Capital Outlays	(30,532)	(33,568)	(217,000)	n/a	n/a	
Total Change in Fund Balances	\$ (398,960)	\$ 69,388	\$ (41,500)	n/a	n/a	



UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
MONTHLY FINANCIAL STATEMENT AND BUDGET COMPARISON  
PERIOD ENDED NOVEMBER 30, 2023

Page 1

	FY ACTUAL MONTH	FY ACTUAL YEAR-TO-DATE	FY 2023-24 BUDGET	AMOUNT OF BUDGET REMAINING	PERCENT OF BUDGET REMAINING
<b>ADMINISTRATIVE AND OPERATING REVENUES</b>					
58% @11-30-23					
<u>Water Rate Revenues</u>					
Tier 1 Treated	102,780	1,055,263	3,692,100	2,636,837	71%
Tier 1 Untreated	-	9,401,037	31,635,000	22,233,963	70%
Upper Surcharge Tier 1 Treated	39,728	143,551	309,000	165,449	54%
Upper Surcharge Tier 1 Untreated	-	1,358,492	3,811,000	2,452,508	64%
MWD Capacity Charge Revenue	45,050	147,870	353,200	205,330	58%
Gross MWD Standby Charge-Revenue Reconciliation	-	587,256	1,950,000	1,362,744	70%
MSGB Watermaster-Ready-to-Serve	6,300	31,500	75,600	44,100	58%
Sub Total	193,858	12,724,969	41,825,900	29,100,931	70%
<u>Revolving Revenue</u>					
MSGB Watermaster-SG River Watermaster	-	98,500	105,000	6,500	6%
Sub Total	-	98,500	105,000	6,500	6%
<u>Other Administrative Revenues</u>					
Interest/Investment Earnings	42,500	277,648	83,900	(193,748)	-231%
Taxes	9,826	106,139	500,000	393,861	79%
Other Income (Loss)	2,166	13,740	26,400	12,660	48%
Sub Total	54,492	397,527	610,300	212,773	35%
TOTAL ADMINISTRATIVE REVENUES	248,350	13,220,996	42,541,200	29,320,204	69%
<b>CAPITAL PROJECT FUND REVENUES</b>					
<u>Recycled Water Revenues</u>					
Recycled Water Sales	38,665	215,499	624,000	408,501	65%
Upper Recycled Water Surcharge Revenue	129,300	705,041	1,323,000	617,959	47%
Metropolitan Water District LRP Funds	14,511	55,040	128,000	72,960	57%
Parcel/Standby Charge	15,445	53,038	2,050,000	1,996,962	97%
Interest/Investment Earnings	2,877	17,516	14,300	(3,216)	-22%
Sub Total	200,798	1,046,134	4,139,300	3,093,166	75%
<u>Water Conservation Revenues</u>					
Conservation Program Contributions	6,072	157,616	585,000	427,384	73%
Sub Total	6,072	157,616	585,000	427,384	73%
TOTAL CAPITAL PROJECT FUND REVENUES	206,870	1,203,750	4,724,300	3,520,550	75%
<b>OTHER FUND REVENUES</b>					
<u>Water Quality and Supply Program Revenues</u>					
Interest/Investment Earnings	2,609	28,784	75,200	46,416	62%
Sub Total	2,609	28,784	75,200	46,416	62%
<u>Rate Stabilization Fund Revenues</u>					
Interest/Investment Earnings	1,590	11,104	5,400	(5,704)	-106%
Sub Total	1,590	11,104	5,400	(5,704)	-106%
TOTAL OTHER FUND REVENUES	4,199	39,888	80,600	40,712	51%
TOTAL REVENUES	459,419	14,464,634	47,346,100	32,881,466	69%

UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
MONTHLY FINANCIAL STATEMENT AND BUDGET COMPARISON  
PERIOD ENDED NOVEMBER 30, 2023

Page 2

	FY ACTUAL MONTH	FY ACTUAL YEAR-TO-DATE	FY 2023-24 BUDGET	AMOUNT OF BUDGET REMAINING	PERCENT OF BUDGET REMAINING
<b>ADMINISTRATIVE AND OPERATING EXPENSES</b>					58% @11-30-23
<b><u>Personnel Expenses</u></b>					
Employee Salaries	122,943	576,606	1,455,000	878,394	60%
Employee Benefits	25,981	105,694	288,000	182,306	63%
Retired Employee Benefits	17,998	46,117	103,000	56,883	55%
Employee Travel/Conference	903	7,888	50,000	42,112	84%
<b>Sub Total</b>	<b>167,825</b>	<b>736,305</b>	<b>1,896,000</b>	<b>1,159,695</b>	<b>61%</b>
<b><u>Director Expenses</u></b>					
Director Compensation	15,489	69,318	216,000	146,682	68%
Director Benefits	12,235	59,975	155,000	95,025	61%
Retired Director Benefits	1,214	6,070	33,000	26,930	82%
Director Public Outreach	1,490	8,287	25,000	16,713	67%
Director Travel/Conference	3,188	14,423	50,000	35,577	71%
<b>Sub Total</b>	<b>33,616</b>	<b>158,073</b>	<b>479,000</b>	<b>320,927</b>	<b>67%</b>
<b><u>Pension Expense</u></b>					
CalPERS-Employees, Directors, Retirees	13,430	226,436	500,000	273,564	55%
<b>Sub Total</b>	<b>13,430</b>	<b>226,436</b>	<b>500,000</b>	<b>273,564</b>	<b>55%</b>
<b><u>Office Expenses</u></b>					
Office Supplies/Equipment	315	9,565	40,000	30,435	76%
Equipment Operations & Maintenance	1,206	3,995	26,000	22,005	85%
Computer Systems	3,080	21,277	60,000	38,723	65%
Dues and Assessments	-	78,463	75,000	(3,463)	-5%
Meeting Expense	1,000	4,766	35,000	30,234	86%
<b>Sub Total</b>	<b>5,601</b>	<b>118,066</b>	<b>236,000</b>	<b>117,934</b>	<b>50%</b>
<b><u>Facility Expenses</u></b>					
Building Maintenance	5,224	26,354	45,000	18,646	41%
Liability/Property Insurance	51,697	67,855	65,000	(2,855)	-4%
Telephone/Utilities	3,331	20,137	45,000	24,863	55%
<b>Sub Total</b>	<b>60,252</b>	<b>114,346</b>	<b>155,000</b>	<b>40,654</b>	<b>26%</b>
<b><u>Professional Services</u></b>					
Legal/Financial	-	27,697	112,000	84,303	75%
Engineering	3,401	33,449	145,000	111,551	77%
Auditor	16,200	16,200	31,000	14,800	48%
Outside Services	7,054	49,331	55,000	5,669	10%
Public Information/Outreach	-	970	3,500	2,530	72%
<b>Sub Total</b>	<b>26,655</b>	<b>127,647</b>	<b>346,500</b>	<b>218,853</b>	<b>63%</b>
<b><u>Other Expenses</u></b>					
Election Costs	-	-	500,000	500,000	100%
<b>Sub Total</b>	<b>-</b>	<b>-</b>	<b>500,000</b>	<b>500,000</b>	<b>100%</b>
<b><u>Allocation to Projects and Programs</u></b>					
Salaries/Overhead Allocated to Projects	(105,358)	(526,790)	(1,264,300)	(737,510)	58%
<b>Sub Total</b>	<b>(105,358)</b>	<b>(526,790)</b>	<b>(1,264,300)</b>	<b>(737,510)</b>	<b>58%</b>
<b>TOTAL</b>	<b>202,021</b>	<b>954,083</b>	<b>2,848,200</b>	<b>1,894,117</b>	<b>67%</b>
<b><u>Water Purchases</u></b>					
Tier 1 Treated	268,432	1,354,171	3,692,100	2,337,929	63%
Tier 1 Untreated	-	9,401,037	31,635,000	22,233,963	70%
MWD Capacity Charge	-	85,860	353,200	267,340	76%
MWD Ready-to-Serve Charge	-	912,067	3,648,300	2,736,233	75%
<b>Sub Total</b>	<b>268,432</b>	<b>11,753,135</b>	<b>39,328,600</b>	<b>27,575,465</b>	<b>70%</b>
<b><u>Revolving Expenses</u></b>					
San Gabriel River Watermaster	-	98,500	105,000	6,500	6%
<b>Sub Total</b>	<b>-</b>	<b>98,500</b>	<b>105,000</b>	<b>6,500</b>	<b>6%</b>
<b>TOTAL</b>	<b>268,432</b>	<b>11,851,635</b>	<b>39,433,600</b>	<b>27,581,965</b>	<b>70%</b>
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>470,453</b>	<b>12,805,718</b>	<b>42,281,800</b>	<b>29,476,082</b>	<b>70%</b>



UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
MONTHLY FINANCIAL STATEMENT AND BUDGET COMPARISON  
PERIOD ENDED NOVEMBER 30, 2023

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	FY ACTUAL MONTH	FY ACTUAL YEAR-TO-DATE	FY 2023-24 BUDGET	AMOUNT OF BUDGET REMAINING	PERCENT OF BUDGET REMAINING
<b>RECYCLED WATER PROGRAM EXPENSES</b>					
					58% @11-30-23
Water Purchases-Recycled Water	21,573	133,859	624,000	490,141	79%
SWRCB Loan Repayment	86,782	188,281	791,000	602,719	76%
Salaries and Overhead Allocation	5,433	27,165	65,200	38,035	58%
Standby Charge Development/Implementation	-	3,800	18,500	14,700	79%
Engineering - General	3,960	7,095	52,500	45,405	86%
Lobbyist	7,500	37,500	95,000	57,500	61%
Legal and Financial	-	240	3,000	2,760	92%
Public Information	-	1,597	5,000	3,403	68%
Operation and Maintenance Phase I/IIA	-	170,510	361,000	190,490	53%
Operation and Maintenance Phase IIB	27,899	90,181	163,000	72,819	45%
Sub Total	153,147	660,228	2,178,200	1,517,972	70%
<b>TOTAL RECYCLED WATER EXPENSES</b>	<b>153,147</b>	<b>660,228</b>	<b>2,178,200</b>	<b>1,517,972</b>	<b>70%</b>
<b>CAPITAL PROGRAM EXPENSES</b>					
<b>San Gabriel Valley Water Recycling Project</b>					
Direct Reuse Program	-	-	100,000	100,000	100%
USG Connections	-	-	15,000	15,000	100%
Legal and Financial	-	-	2,000	2,000	100%
Sub Total	-	-	117,000	117,000	100%
<b>Other Capital Program Expenses</b>					
District Headquarters	30,532	33,568	100,000	66,432	66%
Sub Total	30,532	33,568	100,000	66,432	66%
<b>TOTAL CAPITAL PROGRAM EXPENSES</b>	<b>30,532</b>	<b>33,568</b>	<b>217,000</b>	<b>183,432</b>	<b>85%</b>
<b>STORMWATER PROGRAM EXPENSES</b>					
<b>Stormwater Program</b>					
Salaries and Overhead Allocation	3,558	17,790	42,700	24,910	58%
Sub Total	3,558	17,790	42,700	24,910	58%
<b>TOTAL STORMWATER EXPENSES</b>	<b>3,558</b>	<b>17,790</b>	<b>42,700</b>	<b>24,910</b>	<b>58%</b>

UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
MONTHLY FINANCIAL STATEMENT AND BUDGET COMPARISON  
PERIOD ENDED NOVEMBER 30, 2023

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	FY ACTUAL MONTH	FY ACTUAL YEAR-TO-DATE	FY 2023-24 BUDGET	AMOUNT OF BUDGET REMAINING	PERCENT OF BUDGET REMAINING
<b>WATER CONSERVATION PROGRAM EXPENSES</b>					58% @11-30-23
<b>WATER USE EFFICIENCY</b>					
<u>Residential Programs</u>					
Member Agency Administered Programs	1,755	8,520	335,000	326,480	97%
Regional Rebate Program	6,072	43,829	40,000	(3,829)	-10%
Sub Total	7,827	52,349	375,000	322,651	86%
<u>Commercial/Industrial/Institution Programs</u>					
Member Agency Administered Programs	-	81,699	210,000	128,301	61%
Regional Rebate Program	-	-	-	-	0%
Sub Total	-	81,699	210,000	128,301	61%
<u>Allocation to Conservation Programs</u>					
Salaries & Overhead	20,942	104,710	251,300	146,590	58%
Sub Total	20,942	104,710	251,300	146,590	58%
<b>TOTAL WATER USE EFFICIENCY EXPENSES</b>	<b>28,769</b>	<b>238,758</b>	<b>836,300</b>	<b>597,542</b>	<b>71%</b>
<b>EDUCATION &amp; COMMUNITY OUTREACH</b>					
<u>Watershed Programs</u>					
Natural Vegetation Restoration Program	-	-	20,000	20,000	100%
Sub Total	-	-	20,000	20,000	100%
<u>Educational Programs</u>					
Water Awareness Youth Art Contests	-	-	11,000	11,000	100%
Educational Activities	-	7,570	60,000	52,430	87%
Memberships	49,323	77,645	135,000	57,355	42%
Educational Materials/Grant Program	-	(1,000)	55,000	56,000	102%
Educational Outreach Programs/Events	1,025	5,789	150,000	144,211	96%
Sub Total	50,348	90,004	411,000	320,996	78%
<u>Outreach and Information Programs</u>					
Public Workshops/Seminars	2,061	7,061	40,000	32,939	82%
Conservation Devices/Items	3,141	10,868	40,000	29,132	73%
Bottled Water Program	-	5,541	15,500	9,959	64%
Community/Industry Sponsorships	2,500	11,300	35,000	23,700	68%
Displays/Fairs/Presentations	79	1,362	5,000	3,638	73%
Conferences/Meetings	809	3,466	7,000	3,534	50%
Public Information	6,020	23,615	100,000	76,385	76%
Technical Assistance	11,150	29,946	70,000	40,054	57%
Legal/Financial	-	798	10,000	9,202	92%
Sub Total	25,760	93,957	322,500	228,543	71%
<u>Allocation to Conservation Programs</u>					
Salaries & Overhead	40,700	203,500	488,400	284,900	58%
Sub Total	40,700	203,500	488,400	284,900	58%
<b>TOTAL EDUCATION &amp; COMMUNITY OUTREACH EXPENSES</b>	<b>116,808</b>	<b>387,461</b>	<b>1,241,900</b>	<b>854,439</b>	<b>69%</b>
<b>TOTAL WATER CONSERVATION EXPENSES</b>	<b>145,577</b>	<b>626,219</b>	<b>2,078,200</b>	<b>1,451,981</b>	<b>70%</b>
<b>WATER QUALITY AND SUPPLY PROGRAM EXPENSES</b>					
<u>Policy 9-00-8 Groundwater Remediation Projects</u>					
Engineering for Water Supply Projects	10,387	27,736	32,000	4,264	13%
Legislative Consultant	10,000	50,000	130,000	80,000	62%
Sub Total	20,387	77,736	162,000	84,264	52%
<u>Other Expenses</u>					
Water Supply Reliability Plan/Emergency Preparedness	-	-	5,000	5,000	100%
Legal and Financial	-	362	6,000	5,638	94%
Salaries and Overhead Allocation	34,725	173,625	416,700	243,075	58%
Sub Total	34,725	173,987	427,700	253,713	59%
<b>TOTAL WATER QUALITY AND SUPPLY EXPENSES</b>	<b>55,112</b>	<b>251,723</b>	<b>589,700</b>	<b>337,977</b>	<b>57%</b>
<b>TOTAL EXPENSES</b>	<b>858,379</b>	<b>14,395,246</b>	<b>47,387,600</b>	<b>32,992,354</b>	<b>70%</b>



**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT**  
**SUMMARY OF CASH AND INVESTMENTS**  
November 30, 2023

Page 5

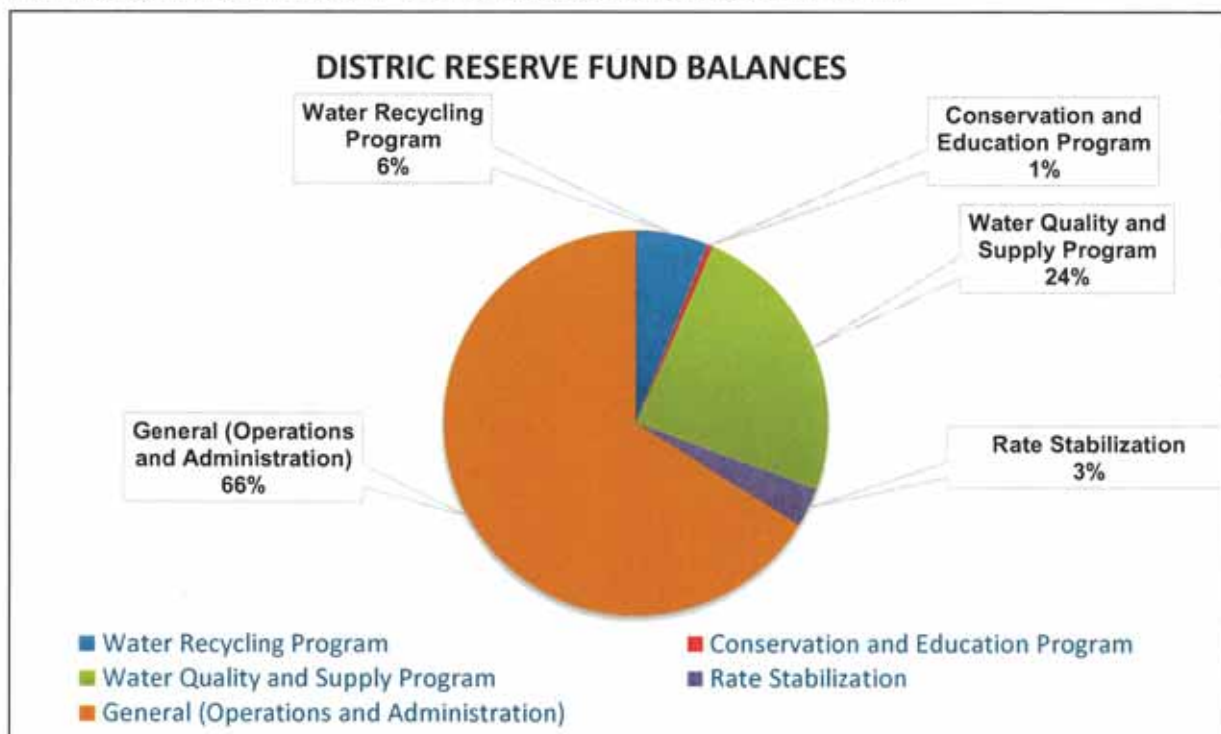
**CASH AND INVESTMENT BALANCES**

	<u>Amount (\$)</u>	
<u>Cash Account Balances</u>		
General Fund-Checking	\$	99,594.81
Water Fund-Checking		39,177.45
Revolving Fund		88,977.51
Revolving Payroll Fund		167,920.77
Total Cash Account Balances	\$	395,670.54
<u>Investment Account Balances</u>	<u>Market Value</u>	<u>Cost/Book Value</u>
Local Agency Investment Fund	\$ 13,847,601.89	\$ 13,847,601.89
Other Investments	5,703,809.78	5,787,693.42
Total Investment Account Balances	\$ 19,551,411.67	\$ 19,635,295.31
Total Cash and Investment Balances	\$	19,947,082.21

**DISTRICT FUND BALANCES**

Capital Program Fund:		
Water Recycling Program	\$	1,213,210.00
Conservation and Education Program		100,848.00
Water Quality and Supply Program		4,789,714.00
Sub Total		6,103,772.00
Rate Stabilization Fund		654,052.00
General Fund (Operations and Administration)		13,189,258.21
<b>Total Fund Balances</b>	<b>\$</b>	<b>19,947,082.21</b>

**MANAGEMENT STATEMENT:** It is the opinion of management that all fund balances are in compliance with all applicable statutes and the current investment policy of the District. It is also the opinion of management that projected cash flow liquidity is adequate to meet the next six months of expected obligations of the District.



California State Treasurer  
**Fiona Ma, CPA**



Local Agency Investment Fund  
P.O. Box 942809  
Sacramento, CA 94209-0001  
(916) 653-3001

December 05, 2023

[LAIF Home](#)  
[PMIA Average Monthly Yields](#)

UPPER SAN GABRIEL VALLEY MUNICIPAL  
WATER DISTRICT  
GENERAL MANAGER  
248 E. FOOTHILL BLVD, SUITE 200  
MONROVIA, CA 91016

[Tran Type Definitions](#)

Account Number: 90-19-021

November 2023 Statement

**Account Summary**

Total Deposit:	0.00	Beginning Balance:	13,847,601.89
Total Withdrawal:	0.00	Ending Balance:	13,847,601.89





# Upper San Gabriel Valley Municipal Water District - Account #10214

## MONTHLY ACCOUNT STATEMENT

NOVEMBER 1, 2023 THROUGH NOVEMBER 30, 2023

### Chandler Team:

For questions about your account, please call (800) 317-4747,  
or contact [operations@chandlerasset.com](mailto:operations@chandlerasset.com)

### Custodian

US Bank

Alexander Bazan

(503) 402-5305

**CHANDLER ASSET MANAGEMENT**

[chandlerasset.com](http://chandlerasset.com)

*Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Please see Important Disclosures.*



PORTFOLIO CHARACTERISTICS

Average Modified Duration	1.31
Average Coupon	2.60%
Average Purchase YTM	2.73%
Average Market YTM	5.00%
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	1.40 yrs
Average Life	1.39 yrs

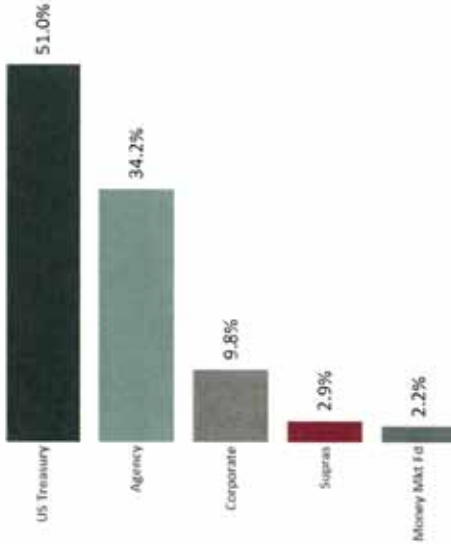
ACCOUNT SUMMARY

	Beg. Values as of 10/31/23	End Values as of 11/30/23
Market Value	5,164,876	5,209,419
Accrued Interest	28,802	29,429
Total Market Value	5,193,678	5,238,848
Income Earned	11,003	11,650
Cont/WD		-623
Par	5,292,293	5,302,281
Book Value	5,281,404	5,291,804
Cost Value	5,274,705	5,285,735

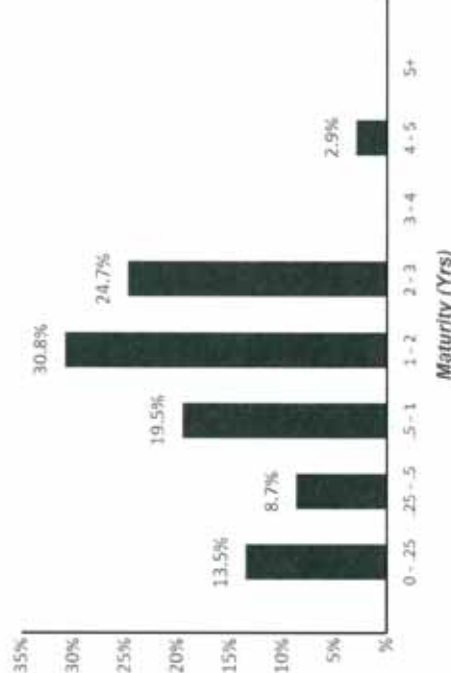
TOP ISSUERS

Government of United States	51.0%
Federal Farm Credit Bank	18.2%
Federal Home Loan Bank	15.0%
Inter-American Dev Bank	2.9%
First American Govt Oblig Fund	2.2%
Bank of New York	1.2%
Wal-Mart Stores	1.2%
Microsoft	1.2%
Total	92.9%

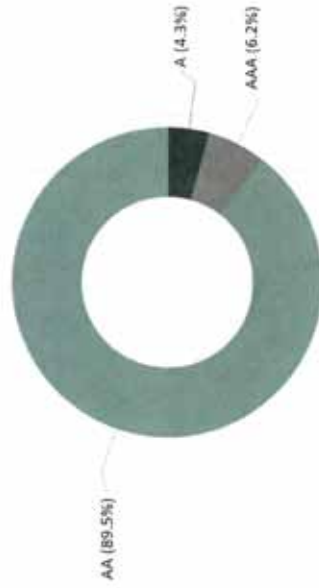
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

TOTAL RATE OF RETURN	Annualized								
	1M	3M	YTD	1YR	2YRS	3YRS	5YRS	10YRS	5/31/2014
Upper San Gabriel Valley Municipal Water District	0.88%	1.41%	3.76%	4.07%	0.70%	0.42%	1.58%	N/A	1.18%
ICE BofA 0-3 Yr US Treasury Index*	0.84%	1.37%	3.58%	3.87%	0.52%	0.29%	1.49%	N/A	1.08%

\*ICE BofA 1-3 Yr US Treasury & Agency Index to 3/31/19



# Statement of Compliance

As of November 30, 2023



## Upper San Gabriel Valley Municipal Water District

Assets managed by Chandler Asset Management are in full compliance with state law and with the District's investment policy.

Category	Standard	Comment
U.S. Treasuries	No limitation; 5 year max maturity	Complies
Federal Agencies	60% max for Federal Agency obligations that do not have a guarantee by the U.S. Government; No limitation for Federal Agencies guaranteed by the U.S. Government; 5 year maximum maturity	Complies
Supranational Obligations	"AA" rating category or higher by a NRSRO; 30% max; 10% max per issuer; USD denominated senior unsecured unsubordinated obligations; Issued or unconditionally guaranteed by IBRD, IFC, or IADB	Complies
Corporate Notes and Bonds	"A" rating category or better by a NRSRO for maturities 2 years or less; "AA" rated or better by a NRSRO for maturities greater than 2 years; 30% max; 5% max per issuer; Corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state and operating within the U.S.; 5 years max maturity	Complies
Negotiable Certificates of Deposit	"F1" or higher rating by Fitch; 1 year maximum maturity; Credit requirements may be waived for any time deposit that is FDIC insured	Complies
Certificates of Deposit/ Time Deposits	"F1" or higher rating by Fitch; 1 year max maturity; Credit requirements may be waived for any time deposit that is FDIC insured	Complies
Local Agency Investment Fund (LAIF)	Maximum amount permitted by State Treasury policy	Complies
Local Government Investment Pools		Complies
Money Market Mutual Funds	Registered with SEC under Investment Company Act of 1940, provided that Funds meet either of the following criteria: (i) Highest rating by two NRSROs; or (ii) Retained an investment adviser registered or exempt from SEC registration with > 5 years experience managing money market mutual funds with AUM >\$500 million; 20% max in Money Market Funds	Complies
Maximum Maturity	5 years	Complies



BOOK VALUE RECONCILIATION		BEGINNING BOOK VALUE	\$5,281,404.02
<b>Acquisition</b>			
+ Security Purchases	\$204,705.15		
+ Money Market Fund Purchases	\$315,518.71		
+ Money Market Contributions	\$0.00		
+ Security Contributions	\$0.00		
+ Security Transfers	\$0.00		
<b>Total Acquisitions</b>		<b>\$520,223.86</b>	
<b>Dispositions</b>			
- Security Sales	\$0.00		
- Money Market Fund Sales	\$204,908.28		
- MMF Withdrawals	\$622.60		
- Security Withdrawals	\$0.00		
- Security Transfers	\$0.00		
- Other Dispositions	\$0.00		
- Maturities	\$305,000.00		
- Calls	\$0.00		
- Principal Paydowns	\$0.00		
<b>Total Dispositions</b>		<b>\$510,530.88</b>	
<b>Amortization/Accretion</b>			
+/- Net Accretion	\$707.39		\$707.39
<b>Gain/Loss on Dispositions</b>			
+/- Realized Gain/Loss	\$0.00		\$0.00
<b>ENDING BOOK VALUE</b>			<b>\$5,291,804.39</b>

CASH TRANSACTION SUMMARY		BEGINNING BALANCE	\$3,293.25
<b>Acquisition</b>			
Contributions	\$0.00		
Security Sale Proceeds	\$0.00		
Accrued Interest Received	\$0.00		
Interest Received	\$10,186.88		
Dividend Received	\$331.83		
Principal on Maturities	\$305,000.00		
Interest on Maturities	\$0.00		
Calls/Redemption (Principal)	\$0.00		
Interest from Calls/Redemption	\$0.00		
Principal Paydown	\$0.00		
<b>Total Acquisitions</b>	<b>\$315,518.71</b>		
<b>Dispositions</b>			
Withdrawals	\$622.60		
Security Purchase	\$204,705.15		
Accrued Interest Paid	\$203.13		
<b>Total Dispositions</b>	<b>\$205,530.88</b>		
<b>ENDING BOOK VALUE</b>			<b>\$113,281.08</b>



## Upper San Gabriel Valley Municipal Water District

## Holdings Report

Account #10214

As of November 30, 2023



CUSIP	Security Description	Par Value/Units	Purchase Date	Cost Value	Mkt Price	Market Value	% of Port.	Moody/S&P	Maturity
AGENCY			Book Yield	Book Value	Mkt YTM	Accrued Int.	Gain/Loss	Fitch	Duration
3137EFAF2	FHLMC Note 0.25% Due 12/4/2023	50,000.00	12/02/2020	49,950.50	99.96	49,978.60	0.96%	Aaa / AA+	0.01
				49,999.86	4.10%	61.46	(21.26)	AA+	0.01
3130ATT7D3	FHLB Note 3.5% Due 12/8/2023	60,000.00	09/27/2022	59,307.54	99.96	59,977.26	1.16%	Aaa / AA+	0.02
			4.51%	59,988.88	5.12%	1,009.17	(11.62)	NR	0.02
3133EMRZ7	FFCB Note 0.25% Due 2/26/2024	85,000.00	02/22/2021	84,969.40	98.77	83,958.24	1.60%	Aaa / AA+	0.24
			0.26%	84,997.57	5.44%	56.08	(1,039.33)	AA+	0.24
3130A0XE5	FHLB Note 3.25% Due 3/8/2024	70,000.00	06/13/2022	70,016.80	99.44	69,609.47	1.34%	Aaa / AA+	0.27
			3.23%	70,002.60	5.29%	524.51	(393.13)	NR	0.27
3130ASDS5	FHLB Note 2.75% Due 6/28/2024	60,000.00	06/09/2022	59,860.80	98.52	59,113.50	1.14%	Aaa / AA+	0.58
			2.87%	59,960.97	5.38%	701.25	(847.47)	NR	0.56
3130ATT31	FHLB Note 4.5% Due 10/3/2024	75,000.00	10/27/2022	74,918.25	99.38	74,534.25	1.43%	Aaa / AA+	0.84
			4.56%	74,964.45	5.26%	543.75	(430.20)	NR	0.81
3133ENS43	FFCB Note 4.375% Due 10/17/2024	100,000.00	10/11/2022	99,875.00	99.28	99,277.00	1.91%	Aaa / AA+	0.88
			4.44%	99,945.11	5.22%	534.72	(668.11)	AA+	0.85
3130AQF40	FHLB Note 1% Due 12/20/2024	75,000.00	12/21/2021	74,934.00	95.76	71,822.55	1.38%	Aaa / AA+	1.06
			1.03%	74,976.77	5.18%	335.42	(3,154.22)	NR	1.02
3133ENKS8	FFCB Note 1.125% Due 1/6/2025	40,000.00	01/06/2022	39,910.00	95.75	38,301.44	0.73%	NR / AA+	1.10
			1.20%	39,966.84	5.14%	181.25	(1,665.40)	AA+	1.06
3133ENPG9	FFCB Note 1.75% Due 2/14/2025	70,000.00	02/10/2022	69,813.10	96.19	67,331.53	1.29%	Aaa / AA+	1.21
			1.84%	69,924.73	5.05%	364.10	(2,593.20)	AA+	1.16
3133ENPY0	FFCB Note 1.75% Due 2/25/2025	100,000.00	03/09/2022	99,578.00	96.05	96,052.30	1.84%	Aaa / AA+	1.24
			1.90%	99,823.71	5.08%	466.67	(3,771.41)	AA+	1.19
3130AUZC1	FHLB Note 4.625% Due 3/14/2025	100,000.00	03/23/2023	100,823.00	99.43	99,428.70	1.92%	Aaa / AA+	1.29
			4.18%	100,535.35	5.08%	989.24	(1,106.65)	NR	1.22
3133EPC37	FFCB Note 4.875% Due 11/13/2025	100,000.00	11/27/2023	99,891.00	100.12	100,117.80	1.92%	Aaa / AA+	1.96
			4.93%	99,891.46	4.81%	243.75	226.34	NR	1.84
3133EN7J3	FFCB Note 3.875% Due 2/2/2026	69,000.00	02/15/2023	67,798.71	98.33	67,844.39	1.31%	Aaa / AA+	2.18
			4.51%	68,118.46	4.69%	883.82	(274.07)	AA+	2.03
3133EPCF0	FFCB Note 4.5% Due 3/2/2026	100,000.00	03/23/2023	101,445.00	99.71	99,713.30	1.92%	Aaa / AA+	2.25
			3.97%	101,105.95	4.63%	1,112.50	(1,392.65)	AA+	2.10
3133EPF77	FFCB Note 3.75% Due 4/13/2026	100,000.00	04/10/2023	99,332.00	98.09	98,093.50	1.88%	Aaa / AA+	2.37
			3.99%	99,473.40	4.61%	500.00	(1,379.90)	AA+	2.23



## Upper San Gabriel Valley Municipal Water District

## Holdings Report

Account #10214

As of November 30, 2023



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
3130AWIZ1	FHLB Note 4.75% Due 6/12/2026	90,000.00	07/19/2023 4.45%	90,720.00 90,628.81	100.42 4.57%	90,381.60 1,674.38	1.76% (247.21)	Aaa / AA+ NR	2.53 2.32
3133EPZY4	FFCB Note 5% Due 7/30/2026	100,000.00	10/30/2023 5.01%	99,970.00 99,970.93	101.09 4.56%	101,087.50 430.56	1.94% 1,116.57	Aaa / AA+ NR	2.67 2.46
3133EPUW3	FFCB Note 4.75% Due 9/1/2026	95,000.00	10/23/2023 4.99%	94,392.00 94,414.15	100.50 4.55%	95,474.34 1,128.13	1.84% 1,060.19	Aaa / AA+ AA+	2.76 2.53
3130AXU63	Federal Home Loan Banks Note 4.625% Due 11/17/2026	105,000.00	11/16/2023 4.69%	104,814.15 104,816.52	100.16 4.57%	105,166.43 188.85	2.01% 349.91	Aaa / AA+ NR	2.97 2.74
3130AWTR1	FHLB Note 4.375% Due 9/8/2028	150,000.00	09/15/2023 4.51%	149,059.50 149,097.80	99.73 4.44%	149,599.80 2,132.81	2.90% 502.00	Aaa / AA+ NR	4.78 4.21
Total Agency		1,794,000.00	3.62%	1,791,378.75 1,792,604.32	4.86%	1,776,863.50 14,062.42	34.19% (15,740.82)	Aaa / AA+ AA+	1.84 1.70
CORPORATE									
14913R2S5	Caterpillar Financial Service Note 0.95% Due 1/10/2024	50,000.00	01/14/2022 1.07%	49,886.00 49,993.68	99.50 5.42%	49,752.25 186.04	0.95% (241.43)	A2 / A A+	0.11 0.11
24422EVN6	John Deere Capital Corp Note 0.45% Due 1/17/2024	50,000.00	03/09/2022 1.98%	48,619.50 49,904.16	99.37 5.31%	49,684.55 83.75	0.95% (219.61)	A2 / A A+	0.13 0.13
09247XAL5	Blackrock Inc Note 3.5% Due 3/18/2024	50,000.00	05/11/2022 2.82%	50,606.50 50,097.04	99.31 5.81%	49,654.05 354.86	0.95% (442.99)	Aaa / AA- NR	0.30 0.29
023135BW5	Amazon.com Inc Note 0.45% Due 5/12/2024	40,000.00	05/10/2021 0.50%	39,941.60 39,991.31	97.80 5.46%	39,119.36 9.50	0.75% (871.95)	A1 / AA AA-	0.45 0.44
69371RR81	Paccar Financial Corp Note 3.15% Due 6/13/2024	60,000.00	06/06/2022 3.16%	59,986.20 59,996.32	98.74 5.56%	59,245.02 882.00	1.15% (751.30)	A1 / A+ NR	0.54 0.51
037833BG4	Apple Inc Note 3.2% Due 5/13/2025	50,000.00	05/11/2022 3.02%	50,260.50 50,125.73	97.47 5.02%	48,736.50 80.00	0.93% (1,389.23)	Aaa / AA+ NR	1.45 1.39
06406RBF3	Bank of NY Mellon Corp Callable Note Cont 6/13/2024 3.43% Due 6/13/2025	65,000.00	06/08/2022 3.43%	65,000.00 65,000.00	98.60 6.04%	64,090.98 1,040.43	1.24% (909.02)	A1 / A AA-	1.54 1.43
194162AM5	Colgate Palmolive Co. Note 3.1% Due 8/15/2025	25,000.00	08/01/2022 3.13%	24,977.00 24,987.00	97.29 4.77%	24,322.63 228.19	0.47% (664.37)	Aa3 / AA- NR	1.71 1.62
931142EW9	Wal-Mart Stores Note 3.9% Due 9/9/2025	65,000.00	Various 3.84%	65,103.50 65,061.19	98.42 4.84%	63,973.26 577.42	1.23% (1,087.93)	Aa2 / AA AA	1.78 1.68





CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>CORPORATE</b>									
5949188J2	Microsoft Callable Note Cont 8/3/2025 3.125% Due 11/3/2025	65,000.00	01/24/2023 4.28%	63,051.30 63,646.31	96.93 4.81%	63,001.97 157.99	1.21% (644.34)	Aaa / AAA NR	1.93 1.83
Total Corporate		520,000.00	2.85%	517,432.10 518,802.74	5.33%	511,580.57 3,600.18	9.83% (7,222.17)	Aa3 / AA- AA-	1.02 0.97
<b>MONEY MARKET FUND</b>									
31846V203	First American Govt Obligation Fund Class Y	113,281.08	Various 4.98%	113,281.08 113,281.08	1.00 4.98%	113,281.08 0.00	2.16% 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund		113,281.08	4.98%	113,281.08 113,281.08	4.98%	113,281.08 0.00	2.16% 0.00	Aaa / AAA AAA	0.00 0.00
<b>SUPRANATIONAL</b>									
4581X0EE4	Inter-American Dev Bank Note 3.25% Due 7/1/2024	50,000.00	06/22/2022 3.26%	49,995.00 49,998.54	98.76 5.43%	49,378.70 677.08	0.96% (619.84)	Aaa / AAA AAA	0.59 0.56
4581X0EK0	Inter-American Dev Bank Note 4.5% Due 5/15/2026	100,000.00	06/27/2023 4.53%	99,923.00 99,933.92	99.63 4.66%	99,631.30 200.00	1.91% (302.62)	Aaa / AAA AAA	2.46 2.30
Total Supranational		150,000.00	4.11%	149,918.00 149,932.46	4.92%	149,010.00 877.08	2.86% (922.46)	Aaa / AAA AAA	1.83 1.72
<b>US TREASURY</b>									
91282CBA8	US Treasury Note 0.125% Due 12/15/2023	100,000.00	12/17/2020 0.19%	99,816.41 99,997.64	99.80 5.01%	99,799.90 57.72	1.91% (197.74)	Aaa / AA+ AA+	0.04 0.04
91282CBE0	US Treasury Note 0.125% Due 1/15/2024	100,000.00	01/12/2021 0.24%	99,644.53 99,985.39	99.36 5.27%	99,360.50 47.21	1.90% (624.89)	Aaa / AA+ AA+	0.13 0.12
91282CBM2	US Treasury Note 0.125% Due 2/15/2024	100,000.00	02/16/2021 0.20%	99,761.72 99,983.43	98.94 5.26%	98,937.50 36.68	1.89% (1,045.93)	Aaa / AA+ AA+	0.21 0.21
91282CBR1	US Treasury Note 0.25% Due 3/15/2024	100,000.00	03/10/2021 0.33%	99,769.53 99,977.92	98.55 5.31%	98,546.90 52.88	1.88% (1,431.02)	Aaa / AA+ AA+	0.29 0.29



## Upper San Gabriel Valley Municipal Water District

## Holdings Report

Account #10214

As of November 30, 2023



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
91282CBV2	US Treasury Note 0.375% Due 4/15/2024	100,000.00	04/14/2021 0.36%	100,035.16 100,004.36	98.20 5.27%	98,203.10 48.16	1.88% (1,801.26)	Aaa / AA+ AA+	0.38 0.37
91282CCC3	US Treasury Note 0.25% Due 5/15/2024	100,000.00	05/12/2021 0.35%	99,707.03 99,955.55	97.72 5.34%	97,718.80 10.99	1.87% (2,236.75)	Aaa / AA+ AA+	0.46 0.45
91282CCG4	US Treasury Note 0.25% Due 6/15/2024	100,000.00	06/09/2021 0.31%	99,820.31 99,967.70	97.35 5.29%	97,347.70 115.44	1.86% (2,620.00)	Aaa / AA+ AA+	0.54 0.53
91282CCL3	US Treasury Note 0.375% Due 7/15/2024	100,000.00	07/13/2021 0.42%	99,863.28 99,971.68	97.02 5.29%	97,015.60 141.64	1.85% (2,956.08)	Aaa / AA+ AA+	0.62 0.61
912828YE4	US Treasury Note 1.25% Due 8/31/2024	100,000.00	08/05/2021 0.39%	102,605.47 100,636.84	97.05 5.32%	97,046.90 315.93	1.86% (3,589.94)	Aaa / AA+ AA+	0.75 0.73
91282CCX7	US Treasury Note 0.375% Due 9/15/2024	100,000.00	09/10/2021 0.44%	99,804.69 99,948.50	96.25 5.28%	96,246.10 79.33	1.84% (3,702.40)	Aaa / AA+ AA+	0.79 0.77
91282CDB4	US Treasury Note 0.625% Due 10/15/2024	100,000.00	10/14/2021 0.63%	99,992.19 99,997.73	96.09 5.25%	96,093.80 80.26	1.84% (3,903.93)	Aaa / AA+ AA+	0.88 0.85
912828YM6	US Treasury Note 1.5% Due 10/31/2024	100,000.00	09/23/2021 0.52%	103,003.91 100,888.18	96.68 5.25%	96,679.70 127.75	1.85% (4,208.48)	Aaa / AA+ AA+	0.92 0.89
91282CDH1	US Treasury Note 0.75% Due 11/15/2024	100,000.00	11/29/2021 0.81%	99,816.41 99,940.56	95.85 5.24%	95,851.60 32.97	1.83% (4,088.96)	Aaa / AA+ AA+	0.96 0.93
912828YV6	US Treasury Note 1.5% Due 11/30/2024	75,000.00	09/29/2021 0.57%	77,188.48 75,690.40	96.41 5.24%	72,304.73 3.07	1.38% (3,385.67)	Aaa / AA+ AA+	1.00 0.97
91282CDN8	US Treasury Note 1% Due 12/15/2024	100,000.00	12/09/2021 1.00%	100,003.91 100,001.36	95.80 5.20%	95,800.80 461.75	1.84% (4,200.56)	Aaa / AA+ AA+	1.04 1.01
91282CDS7	US Treasury Note 1.125% Due 1/15/2025	100,000.00	03/16/2022 2.06%	97,437.50 98,982.43	95.66 5.14%	95,664.10 424.93	1.83% (3,318.33)	Aaa / AA+ AA+	1.13 1.09
912828ZF0	US Treasury Note 0.5% Due 3/31/2025	100,000.00	04/04/2022 2.63%	93,921.88 97,292.42	94.22 5.04%	94,218.80 84.70	1.80% (3,073.62)	Aaa / AA+ AA+	1.33 1.30
91282CEH0	US Treasury Note 2.625% Due 4/15/2025	100,000.00	04/27/2022 2.72%	99,738.28 99,878.93	96.90 4.99%	96,898.40 337.09	1.86% (2,980.53)	Aaa / AA+ AA+	1.38 1.32
91282CEQ0	US Treasury Note 2.75% Due 5/15/2025	100,000.00	06/01/2022 2.84%	99,738.28 99,871.08	96.92 4.96%	96,921.90 120.88	1.85% (2,949.18)	Aaa / AA+ AA+	1.46 1.40
91282CEV3	US Treasury Note 3% Due 7/15/2025	100,000.00	09/29/2022 4.28%	96,667.97 98,064.22	97.13 4.86%	97,125.00 1,133.15	1.88% (939.22)	Aaa / AA+ AA+	1.62 1.54





CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>US TREASURY</b>									
91282CFE6	US Treasury Note 3.125% Due 8/15/2025	100,000.00	05/31/2023 4.32%	97,503.91 98,070.64	97.23 4.83%	97,230.50 917.12	1.87% (840.14)	Aaa / AA+ AA+	1.71 1.62
91282CFP1	US Treasury Note 4.25% Due 10/15/2025	120,000.00	12/12/2022 4.15%	120,318.75 120,210.25	99.09 4.76%	118,907.76 654.92	2.28% (1,302.49)	Aaa / AA+ AA+	1.88 1.77
91282CGA3	US Treasury Note 4% Due 12/15/2025	120,000.00	12/15/2022 3.96%	120,150.00 120,102.05	98.67 4.69%	118,401.60 2,216.39	2.30% (1,700.45)	Aaa / AA+ AA+	2.04 1.90
91282CGE5	US Treasury Note 3.875% Due 1/15/2026	45,000.00	01/24/2023 3.89%	44,977.15 44,983.67	98.45 4.65%	44,300.39 658.64	0.86% (683.28)	Aaa / AA+ AA+	2.13 1.98
91282CHB0	US Treasury Note 3.625% Due 5/15/2026	140,000.00	05/23/2023 3.98%	138,610.94 138,855.02	97.86 4.55%	137,003.16 223.08	2.62% (1,851.86)	Aaa / AA+ AA+	2.46 2.32
91282CHU8	US Treasury Note 4.375% Due 8/15/2026	100,000.00	08/24/2023 4.69%	99,144.53 99,221.73	99.63 4.52%	99,628.90 1,283.97	1.93% 407.17	Aaa / AA+ AA+	2.71 2.50
91282CHY0	US Treasury Note 4.625% Due 9/15/2026	125,000.00	09/15/2023 4.72%	124,682.62 124,704.11	100.34 4.49%	125,429.75 1,222.96	2.42% 725.64	Aaa / AA+ AA+	2.79 2.57
Total US Treasury		2,725,000.00	1.94%	2,713,724.84 2,717,183.79	5.03%	2,658,683.89 10,889.61	50.96% (58,499.90)	Aaa / AA+ AA+	1.21 1.14
TOTAL PORTFOLIO		5,302,281.08	2.73%	5,285,734.77 5,291,804.39	5.00%	5,209,419.04 29,429.29	100.00% (82,385.35)	Aaa / AA+ AA+	1.40 1.31
TOTAL MARKET VALUE PLUS ACCRUED						5,238,848.33			



# Brokerage Account Statement

November 1, 2023 - November 30, 2023  
Account Number: GPC-016100

UPPER SAN GABRIEL VALLEY  
WATER DISTRICT  
248 E FOOTHILL BLVD STE 200  
MONROVIA CA 91016-5523

Your Registered Representative:  
KRISTAIN MILLS  
(714) 619-3000

## Portfolio at a Glance

	This Period
BEGINNING ACCOUNT VALUE	\$460,345.55
Dividends, Interest and Other Income	9.40
Other Transactions	-1.00
Net Change in Portfolio <sup>1</sup>	4,295.00
ENDING ACCOUNT VALUE	\$464,648.95
Accrued Interest	\$312.50
Account Value with Accrued Interest	\$464,961.45
Estimated Annual Income	\$75.08
<sup>1</sup> Net Change in Portfolio is the difference between the ending account value and beginning account value after activity.	

## Your Account Information

### TAX LOT DEFAULT DISPOSITION METHOD

Default Method for Mutual Funds: First In First Out  
Default Method for Stocks in a Dividend Reinvestment Plan: First In First Out  
Default Method for all Other Securities: First In First Out  
BOND AMORTIZATION ELECTIONS: Yes  
Amortize premium on taxable bonds based on Constant Yield Method: Yes  
Accrual market discount method for all other bond types: Constant Yield Method  
Include market discount in income annually: No

### ELECTRONIC DELIVERY

Congratulations! All your documents are enrolled for electronic delivery.  
Please log in to your account or contact your Registered Representative to make any changes to your electronic delivery preferences.

E-mail notifications are delivered to the following e-mail address(es):  
evelyn@usgvmwd.org  
\*evelyn@usgvmwd.org is on file for these documents





## Portfolio Holdings

Description	Quantity	Opening Balance	Closing Balance	Accrued Income	Income This Year	30-Day Yield
<b>CASH, MONEY FUNDS AND BANK DEPOSITS 1.00% of Portfolio</b>						
<b>Money Market</b>						
GOLDMAN SACHS FSO GOVT CMS	2,578.9500	2,570.55	2,578.95	0.00	75.06	4.45%
<b>Total Money Market</b>		<b>\$2,570.55</b>	<b>\$2,578.95</b>	<b>\$0.00</b>	<b>\$75.06</b>	
<b>TOTAL CASH, MONEY FUNDS AND BANK DEPOSITS</b>		<b>\$2,570.55</b>	<b>\$2,578.95</b>	<b>\$0.00</b>	<b>\$75.06</b>	
<b>FIXED INCOME 99.00% of Portfolio (In Maturity Date Sequence)</b>						
<b>U.S. Treasury Securities</b>						
UNITED STS TREAS NTS 0.250% 08/31/25 B/E DTD 08/31/20 1ST CPN	500,000.0000	92.4140	462,070.00	312.50		
DTE 02/28/21 CPN PMT SEMI ANNUAL ON FEB 28 AND AUG 31 Moody Rating Aaa						
Security Identifier: 91282CAU0						
<b>Total U.S. Treasury Securities</b>	<b>500,000.0000</b>		<b>\$462,070.00</b>	<b>\$312.50</b>		
<b>TOTAL FIXED INCOME</b>	<b>500,000.0000</b>		<b>\$462,070.00</b>	<b>\$312.50</b>		
<b>Total Portfolio Holdings</b>			<b>\$464,648.95</b>	<b>\$312.50</b>	<b>\$75.06</b>	

## Portfolio Holdings Disclosures

### Pricing

This section includes the net market value of the securities in your account on a settlement date basis, including short positions, at the close of the statement period. The market prices, unless otherwise noted, have been obtained from independent vendor services, which we believe to be reliable. In some cases the pricing vendor may provide prices quoted by a single broker or market maker. Market prices do not constitute a bid or an offer, and may differ from the actual sale price. Securities for which a price is not available are marked "N/A" and are omitted from the Total.

THE AS OF PRICE DATE ONLY APPEARS WHEN THE PRICE DATE DOES NOT EQUAL THE STATEMENT DATE.

### Estimated Annual Figures

The estimated annual income (EAI) and estimated annual yield (EAY) figures are estimates and for informational purposes only. These figures are not considered to be a forecast or guarantee of future results. These figures are computed using information from providers believed to be reliable; however, no assurance can be made as to the accuracy. Since interest and dividend rates are subject to change at any time, and may be affected by current and future economic, political, and business conditions, they should not be relied on for making investment, trading, or tax decisions. These figures assume that the position quantities, interest and dividend rates, and prices remain constant. A capital gain or return of principal may be included in the figures for certain securities, thereby overstating them. Refer to [www.pershing.com/disclosures](http://www.pershing.com/disclosures) for specific details as to formulas used to calculate the figures. Accrued interest represents interest earned but not yet received.

### Reinvestment

The dollar amount of Mutual Fund distributions, Money Market Fund dividend income, Bank Deposit interest income, or dividends for other securities shown on your statement may have been reinvested. You will not receive confirmation of these reinvestments. Upon written request to your financial institution, information pertaining to these transactions.





November 1, 2023 - November 30, 2023  
UPPER SAN GABRIEL VALLEY

## Portfolio Holdings Disclosures (continued)

### Reinvestment (continued)

Including the time of execution and the name of the person from whom your security was purchased, may be obtained. In dividend reinvestment transactions, Pershing acts as your agent and receives payment for order flow.

### Option Disclosure

Information with respect to commissions and other charges incurred in connection with the execution of option transactions has been included in confirmations previously furnished to you. A summary of this information is available to you promptly upon your written request directed to your introducing firm. In order to assist your introducing firm in maintaining current background and financial information concerning your option accounts, please promptly advise them in writing of any material change in your investment objectives or financial situation. Expiring options which are valuable are exercised automatically pursuant to the exercise by exception procedure of the Options Clearing Corporation. Additional information regarding this procedure is available upon written request to your introducing firm.

### Foreign Currency Transactions

Pershing will execute foreign currency transactions as principal for your account. Pershing may automatically convert foreign currency to or from U.S. dollars for dividends and similar corporate action transactions unless you instruct your financial organization otherwise. Pershing's currency conversion rate will not exceed the highest interbank conversion rate identified from customary banking sources on the conversion date or the prior business day, increased by up to 1%, unless a particular rate is required by applicable law. Your financial organization may also increase the currency conversion rate. This conversion rate may differ from rates in effect on the date you executed a transaction, incurred a charge, or received a credit. Transactions converted by agents (such as depositories) will be billed at the rates such agents use.

### Proxy Vote

Securities not fully paid for in your margin account may be lent by Pershing to itself or others in accordance with the terms outlined in the Margin Agreement. The right to vote your shares held on margin may be reduced by the amount of shares on loan. The Proxy Voting Instruction Form sent to you may reflect a smaller number of shares entitled to vote than the number of shares in your margin account.

### Variable Rate Securities

Interest rate data for certain complex and/or variable rate securities is provided to Pershing by third-party data service providers pursuant to contractual arrangements. Although we seek to use reliable sources of information, the accuracy, reliability, timeliness, and completeness of interest rate data may vary sometimes, particularly for complex and/or variable rate securities and those with limited or no secondary market. As a result, we can offer no assurance as to the accuracy, reliability, timeliness, or completeness of interest rate data for such securities. Pershing may also occasionally make interest rate updates and adjustments based on its reasonable efforts to obtain accurate, reliable, timely, and/or complete interest rate data from other data sources, but we can similarly provide no assurance that those rates or adjustments will be accurate, reliable, timely, or complete.

When updated interest rate data is received from a third-party data service provider or adjusted by Pershing, the updated data will be reflected in various sources where interest rate data is used or viewed, including both paper and electronic communications and data sources. Prior use or communication of interest rate-related data will not be revised. Since variable interest rates may be subject to change at any time and are only as accurate as the data received from third-party data service providers or otherwise obtained by Pershing, interest rate data should not be relied on for making investment, trading, or tax decisions. All interest rate data and other information derived from and/or calculated using interest rates are not warranted as to accuracy, reliability, timeliness, or completeness and are subject to change without notice. Pershing disclaims any responsibility or liability to the fullest extent permitted by applicable law for any loss or damage arising from any reliance on or use of the interest rate data or other information derived from and/or calculated using interest rates in any way. You should request a current valuation for your securities from your financial adviser or broker prior to making a financial decision or placing an order or requesting a transaction in these securities.

## Income and Expense Summary

	Current Period		Year-to-Date	
	Taxable	Non Taxable	Taxable	Non Taxable
Dividend Income				
Money Market-Non-Qualified	9.40	0.00	75.06	0.00
Interest Income				
Bond Interest	0.00	0.00	1,250.00	0.00
Total Income	\$9.40	\$0.00	\$1,325.06	\$0.00

## Activity Summary (All amounts shown are in base currency)

	Credits This Period		Debits This Period		Net This Period		Credits Year-to-Date		Debits Year-to-Date		Net Year-to-Date	
Dividends and Interest		\$9.40		\$0.00		\$9.40		\$1,325.06		\$0.00		\$1,325.06
Fees		\$0.00		-\$1.00		-\$1.00		\$0.00		-\$4.00		-\$4.00
Totals		\$9.40		-\$1.00		\$8.40		\$1,325.06		-\$4.00		\$1,321.06

## Transactions in Date Sequence

Process/ Settlement Date	Activity Type	Description	Quantity	Price	Accrued Interest	Amount	Currency
11/15/23	FEE FOR PRINTING STATEMENTS REGARDLESS OF ACTIVITY	CHARGE FOR FORCED CUSTOMER STATEMENTS ACCT GPC016100 0 STATEMENTS MONTH: NOV 2023				-1.00	USD
11/30/23	USD999997 MONEY MARKET FUND INCOME RECEIVED Non-Qualified PER382220	GOLDMAN SACHS FSQ				9.40	USD
Total Value of Transactions							
The price and quantity displayed may have been rounded.							
					\$0.00	\$8.40	USD

## Money Market Fund Detail

Date	Activity Type	Description	Amount	Balance
Sweep Money Market Fund				
		GOLDMAN SACHS FSQ GOV'T CMS		
		Current Yield: 4.46% Activity Ending: 11/30/23		
11/01/23	Opening Balance		2,570.55	2,570.55
11/15/23	Withdrawal	MONEY FUND REDEMPTION	-1.00	2,569.55





November 1, 2023 - November 30, 2023  
UPPER SAN GABRIEL VALLEY

Money Market Fund Detail (continued)

Date	Activity Type	Description	Amount	Balance
Sweep Money Market Fund (continued)				
GOLDMAN SACHS FSQ GOVT CMS (continued)				
11/30/23	Deposit			2,578.95
11/30/23	Closing Balance		9.40	\$2,578.95
Total All Money Market Funds				\$2,578.95

Messages

Please note the following information for Pershing's 2023 IRS Form 1099 (B, DIV, INT, MISC and OID): Your Form 1099 will be delivered in the first months of the year, beginning January 31, 2024. By February 15, you will be mailed either your Form 1099 or a special Pending 1099 Notice. The Pending 1099 Notice will be sent if we have not received and processed final information from issuers and trustees of securities that you hold by the as of date of the February 15 1099 mailing. You will also be sent the notice if your information is still being reviewed and finalized. The notice will inform you of the securities that are pending final reporting and provides the anticipated mail date of your 1099. Your 1099 will be mailed no later than March 15, 2024.

Although a money market mutual fund (money fund) seeks to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in a money fund. Shares of a money fund or the balance of a bank deposit product held in your brokerage account may be liquidated upon request with the proceeds credited to your brokerage account. Please see the money fund's prospectus or the bank deposit product's disclosure document or contact your advisor for additional information. Pursuant to SEC Rule 10b-10(b)(1) confirmations are not sent for purchases into money funds processed on the sweep platform. Pursuant to applicable regulation, account statements will be produced monthly or quarterly. Balances in Federal Deposit Insurance Corporation (FDIC)-insured bank deposit sweep products are not protected by Securities Investor Protection Corporation (SIPC).

eDelivery

Eliminate paper and save natural resources with digital adoption. Electronic delivery (eDelivery) is faster, convenient and more secure. We offer eDelivery for account statements, prospectus documents, proxy or shareholder communications, tax documents, trade confirmations and more.

To enroll, log in to your brokerage account and look for the one-click eDelivery pop-up or simply select 'Go Paperless' at the top of any page and follow the on-screen prompts for set-up your preferences. Enrollment can be activated as quickly as the day you register, and you will be notified when documents are available in an online, password-protected portal.

Contact your financial professional if you have any questions about any of our digital tools.



Upper San Gabriel Valley Municipal Water District  
Summary of Director Outreach Expenses  
For the period ended November 30, 2023

Director	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	YTD Actual	Balance Remaining
Director Chavez	\$ -	-	-	1,250.00	-	\$ 1,250.00	\$ 3,750.00
Director Fellow	162.50	37.55	1,000.00	500.00	-	1,700.05	3,299.95
Director Treviño	600.00	-	550.00	448.00	290.00	1,888.00	3,112.00
Director Santana	312.50	135.00	500.00	-	1,200.00	2,147.50	2,852.50
Director Garcia	-	750.00	550.00	-	-	1,300.00	3,700.00
Total	\$ 1,075.00	922.55	2,600.00	2,198.00	1,490.00	\$ 8,285.55	\$ 16,714.45

Upper San Gabriel Valley Municipal Water District  
Director Public Outreach Program Expenses  
For the period ended November 30, 2023

Director Chavez

<u>Paid Date</u>	<u>Description</u>	<u>Amount</u>	<u>Check #</u>	<u>Recipient</u>
10/25/23	Epiphany 3rd Annual Oktoberfest Car & Bike Show	1,250.00	23640	Epiphany Catholic School
		<b>Total</b>	<u><u>1,250.00</u></u>	
<b>Outreach Fund Balance</b>			<u><u>3,750.00</u></u>	



Upper San Gabriel Valley Municipal Water District  
Director Public Outreach Program Expenses  
For the period ended November 30, 2023

Director Fellow

Paid Date	Description	Amount	Check #	Recipient
07/12/23	Membership Dues: 07/01/23 - 07/01/24	162.50	23555	El Monte/S. El Monte Chamber of Commerce
08/01/23	Meeting	37.55	22118	Monrovia Foundation of the Arts
09/20/23	Art in the Park Sponsorship	1,000.00	23617	Monrovia Association of Fine Arts
10/25/23	OAKtober 2023 Sponsorship	500.00	23641	Grow Monrovia
Total		1,700.05		
Outreach Fund Balance		3,299.95		

Upper San Gabriel Valley Municipal Water District  
Director Public Outreach Program Expenses  
For the period ended November 30, 2023

Director Treviño

<u>Paid Date</u>	<u>Description</u>	<u>Amount</u>	<u>Check #</u>	<u>Recipient</u>
07/19/23	2023 Parti-Gras Tickets	600.00	23562	South Pasadena Education Foundation
09/20/23	34th Annual Awards Dinner	550.00	23619	Asian Youth Center
10/11/23	2023 Tiger Run Sponsorship	300.00	23633	South Pasadena High School Tiger Booster
10/25/23	Installation Award Gala & Milestone Recognition	148.00	23644	Rosemead Chamber of Commerce
11/22/23	Membership Renewal 7/01/23 - 6/30/24	290.00	23670	Rosemead Chamber of Commerce
Total		<u>1,888.00</u>		
Outreach Fund Balance		<u>3,112.00</u>		



Upper San Gabriel Valley Municipal Water District  
Director Public Outreach Program Expenses  
For the period ended November 30, 2023

Director Santana

Paid Date	Description	Amount	Check #	Recipient
07/12/23	2023 Summer Concert Series	150.00	23554	City of Duarte
07/12/23	Membership Dues: 07/01/23 - 07/01/24	162.50	23555	El Monte/S. El Monte Chamber of Commerce
08/04/23	Membership Dues: 07/01/23 - 06/30/24	50.00	23571	Baldwin Park Business Association
08/04/23	66th Annual Community Picnic	85.00	23572	City of Duarte
09/26/23	Día De Los Muertos 2023	500.00	23620	Downtown El Monte Business Association
11/09/23	1st Annual Virtual Golf Tournament Sponsorship	200.00	23658	San Gabriel Valley Conservation and Service Corps
11/15/23	Tamalada Gala Sponsorship	1,000.00	23661	Community Partners FBO
Total		<u>2,147.50</u>		
Outreach Fund Balance		<u>2,852.50</u>		

Upper San Gabriel Valley Municipal Water District  
Director Public Outreach Program Expenses  
For the period ended November 30, 2023

Director Garcia

Paid Date	Description	Amount	Check #	Recipient
08/08/23	9th Annual Oak Tree Challenge 5K/1 Mile Run/Walk	250.00	23596	Charter Oak Education Foundation
08/08/23	Vault Boys Baseball Team Season	500.00	23598	Vault Performance Baseball
09/13/23	Festival of Freights	50.00	23610	West Covina Community
09/20/23	Basketball Calendar 2023-2024	500.00	23614	Charter Oak Boys Basketball
Total		1,300.00		
Outreach Fund Balance		3,700.00		



**JOINT RESOLUTION OF  
THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES,  
THE BOARD OF TRUSTEES OF THE GREATER LOS ANGELES COUNTY VECTOR  
CONTROL DISTRICT, THE BOARD OF DIRECTORS OF THE COUNTY SANITATION  
DISTRICT NO. 21 OF LOS ANGELES COUNTY, AND THE BOARD OF DIRECTORS  
OF THE UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT  
APPROVING AND ACCEPTING THE NEGOTIATED EXCHANGE OF PROPERTY  
TAX REVENUES RESULTING FROM ANNEXATION OF PETITION NO. 56-1221  
TO COUNTY LIGHTING MAINTENANCE DISTRICT 1687**

WHEREAS, pursuant to Section 99.01 of the California Revenue and Taxation Code, prior to the effective date of any jurisdictional change that will result in a special district providing one or more services to an area where those services have not previously been provided by any local agency, the special district and each local agency that receives an apportionment of property tax revenue from the area must negotiate an exchange of property tax increment generated in the area subject to the jurisdictional change and attributable to those local agencies; and

WHEREAS, the Board of Supervisors of the County of Los Angeles, acting on behalf of the County Lighting Maintenance District (CLMD) 1687, Los Angeles County General Fund, Los Angeles County Public Library, Los Angeles County Road District 4, the Consolidated Fire Protection District of Los Angeles County, Los Angeles County Flood Control Drainage Improvement Maintenance District, Los Angeles County Flood Control District, and Hacienda Recreation and Park District; the Board of Trustees of the Greater Los Angeles County Vector Control District; the Board of Directors of the County Sanitation District No. 21 of Los Angeles County; and the Board of Directors of the Upper San Gabriel Valley Municipal Water District have determined that the amount of property tax revenue to be exchanged between their respective agencies as a result of the annexation proposal identified as Petition No. 56-1221 to CLMD 1687 is as shown on the attached Property Tax Transfer Resolution Worksheet.

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NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The negotiated exchange of property tax revenues between the CLMD 1687, Los Angeles County General Fund, Los Angeles County Public Library, Los Angeles County Road District 4, the Consolidated Fire Protection District of Los Angeles County, Los Angeles County Flood Control Drainage Improvement Maintenance District, Los Angeles County Flood Control District, Hacienda Recreation and Park District, the Board of Trustees of the Greater Los Angeles County Vector Control District, the County Sanitation District No. 21 of Los Angeles County, and the Upper San Gabriel Valley Municipal Water District resulting from the annexation of Petition No. 56-1221 to CLMD 1687 is approved and accepted.

2. For fiscal years commencing on or after July 1, 2024, or the July 1 after the effective date of this jurisdictional change, whichever is later, the property tax revenue increment generated from the area within Petition No. 56-1221, Tax Rate Area 04482, shall be allocated to the affected agencies as indicated on the Property Tax Transfer Resolution Worksheet.

3. No transfer of property tax revenues other than those specified in Paragraph 2 shall be made as a result of the annexation of Petition No. 56-1221.

4. If at any time after the effective date of this resolution, the calculations used herein to determine initial property tax transfers or the data used to perform those calculations are found to be incorrect, thus, producing an improper or inaccurate property tax transfer, the property tax transfer shall be recalculated and the corrected transfer shall be implemented for the next fiscal year.

PASSED, APPROVED, AND ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_ 2023, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

UPPER SAN GABRIEL VALLEY  
MUNICIPAL WATER DISTRICT

By \_\_\_\_\_  
President, Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Date



## ANNEXATION TO: CO LIGHTING MAINT DIST NO 1687

ACCOUNT NUMBER: 019.40

TRA: 04482

EFFECTIVE DATE: 07/01/2023

ANNEXATION NUMBER: PE 56-1221 PROJECT NAME: PETITION NO 56-1221

DISTRICT SHARE: 0.021423831

ACCOUNT #	TAXING AGENCY	CURRENT TAX SHARE	PERCENT	PROPOSED DIST SHARE	ALLOCATED SHARE	ADJUSTMENTS	NET SHARE
001.05	LOS ANGELES COUNTY GENERAL	0.327885798	32.7896 %	0.021423831	0.007024580	-0.007188391	0.320697407
001.20	L.A. COUNTY ACCUM CAP OUTLAY	0.000116551	0.0116 %	0.021423831	0.000002496	0.000000000	0.000116551
003.01	L A COUNTY LIBRARY	0.024004329	2.4004 %	0.021423831	0.000514264	-0.000514264	0.023490065
005.20	ROAD DIST # 4	0.005965827	0.5965 %	0.021423831	0.000127810	-0.000127810	0.005838017
007.30	CONSOL. FIRE PRO.DIST.OF L.A.CO.	0.179203668	17.9203 %	0.021423831	0.003839229	-0.003839229	0.175364439
007.31	L A C FIRE-FFW	0.007529729	0.7529 %	0.021423831	0.000161315	0.000000000	0.007529729
030.10	L.A.CO.FL.CON.DR.IMP.DIST.MAINT.	0.001794079	0.1794 %	0.021423831	0.000038436	-0.000038436	0.001755643
030.70	LA CO FLOOD CONTROL MAINT	0.010153134	1.0153 %	0.021423831	0.000217519	-0.000217519	0.009935615
036.40	HACIENDA REC & PARK DIST	0.005263886	0.5263 %	0.021423831	0.000112772	-0.000112772	0.005151114
061.80	GREATER L A CO VECTOR CONTROL	0.000385646	0.0385 %	0.021423831	0.000008262	-0.000008262	0.000377384
066.80	CO SANIT DIST NO 21 OPERATING	0.013066460	1.3066 %	0.021423831	0.000279933	-0.000279933	0.012786527
368.05	UPPER SAN GAB. VY. MUN. WATER	0.000589271	0.0589 %	0.021423831	0.000012624	-0.000012624	0.000576647
400.00	EDUCATIONAL REV AUGMENTATION FD	0.067000821	6.7000 %	0.021423831	0.001435414	EXEMPT	0.067000821
400.01	EDUCATIONAL AUG FD IMPOUND	0.131877650	13.1877 %	0.021423831	0.002825324	EXEMPT	0.131877650
400.15	COUNTY SCHOOL SERVICES	0.001445443	0.1445 %	0.021423831	0.000030966	EXEMPT	0.001445443
400.21	CHILDREN'S INSTIL TUITION FUND	0.002868688	0.2868 %	0.021423831	0.000061458	EXEMPT	0.002868688
809.04	MT.SAN ANTONIO COMMUNITY COLLEGE	0.030960372	3.0960 %	0.021423831	0.000663289	EXEMPT	0.030960372
809.20	MT SAN ANTONIO CHILDRENS CTR FD	0.000298828	0.0298 %	0.021423831	0.000006402	EXEMPT	0.000298828
870.03	HACIENDA-LA PUENTE UNIF. SCH.DIS	0.181055457	18.1055 %	0.021423831	0.003878901	EXEMPT	0.181055457

ANNEXATION NUMBER: PE 56-1221		PROJECT NAME: PETITION NO 56-1221		TRA: 04482			
ACCOUNT #	TAXING AGENCY	CURRENT TAX SHARE	PERCENT	PROPOSED DIST SHARE	ALLOCATED SHARE	ADJUSTMENTS	NET SHARE
870.06	CO.SCH.SER.FD.HACIENDA-LA PUENTE	0.007649187	0.7649 %	0.021423831	0.000163874	EXEMPT	0.007649187
870.07	DEV.CTR.HDCPD.MINOR-HACI-LA PUTE	0.000885176	0.0885 %	0.021423831	0.000018963	EXEMPT	0.000885176
***019.40	CO LIGHTING MAINT DIST NO 1687	0.000000000	0.0000 %	0.021423831	0.000000000	0.000000000	0.012339240
TOTAL:		1.000000000	100.0000 %		0.021423831	-0.012339240	1.000000000

ACCOUNT#	TRA#	ANNEX#	ERROR MESSAGE
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TOTAL EXCEPTION COUNT: 0



ACCOUNT#	TRA#	ANNEX#	ERROR MESSAGE
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TOTAL EXCEPTION COUNT: 0



MARK PESTRELLA, Director

# COUNTY OF LOS ANGELES

## DEPARTMENT OF PUBLIC WORKS

*"To Enrich Lives Through Effective and Caring Service"*

900 SOUTH FREMONT AVENUE  
ALHAMBRA, CALIFORNIA 91803-1331  
Telephone: (626) 458-5100  
<http://dpw.lacounty.gov>

ADDRESS ALL CORRESPONDENCE TO:  
P.O. BOX 1460  
ALHAMBRA, CALIFORNIA 91802-1460\

August 15, 2023

IN REPLY PLEASE  
REFER TO FILE: T-5

Mr. Thomas Love, General Manager  
Upper San Gabriel Valley Municipal Water District  
602 East Huntington Drive, Suite B  
Monrovia, CA 91016

Attention Ms. Venessa Navarrette

Dear Mr. Love:

**NEGOTIATED TAX EXCHANGE RESOLUTION  
ANNEXATION OF PETITION NO. 56-1221  
TO COUNTY LIGHTING MAINTENANCE DISTRICT 1687**

We request that the Upper San Gabriel Valley Municipal Water District (Municipal Water District) participate in the exchange of ad valorem property tax in conjunction with the annexation of the territory known as Petition No. 56-1221 to County Lighting Maintenance District (CLMD) 1687. This proposed exchange would provide revenue to CLMD 1687 to partially fund the operation and maintenance of street lighting services provided within the annexed territory. This territory, whose boundary is shown on the enclosed proposed annexation map, is being processed for the Board of Supervisors' concurrent approval of the annexation and transfer of ad valorem property tax between the affected taxing agencies and CLMD 1687.

For new annexations to a CLMD, our procedures require us to process the exchange of property tax revenues with all nonexempt taxing agencies. Under Section 99.01 of the California Revenue and Taxation Code, special districts providing new services to an area as a result of a jurisdictional change are entitled to a share of the annual tax increment generated in the area being annexed. CLMD 1687 meets the definition of a special district under Section 95(m) of the California Revenue and Taxation Code. CLMD 1687's share of the annual tax increment is to be taken from all of the other local taxing agencies providing services within the annexed area with the exception of school entities, which are exempted by law. If a taxing agency involved in the negotiation does not adopt a resolution providing for the exchange of property tax revenues, the Board can determine the exchange of property tax revenues for that taxing agency.

Mr. Thomas Love  
August 15, 2023  
Page 2

Enclosed is a Joint Resolution between Los Angeles County and the Municipal Water District approving and accepting the negotiated exchange of property tax revenues resulting from the annexation of the subject territory to CLMD 1687. Attached to the Joint Resolution is a Property Tax Transfer Resolution Worksheet listing the share of the annual tax increment to be exchanged with Municipal Water District, other affected taxing agencies, and CLMD 1687. The tax share ratio(s) listed on the worksheet were calculated using a formula approved by the County Auditor-Controller and County Counsel. As shown on the Property Tax Transfer Resolution Worksheet for Petition No. 56-1221, Tax Rate Area 04482, the current tax share ratio for the Municipal Water District is 0.000589271. Out of the Municipal Water District's tax share, the Municipal Water District would allocate 0.000012624 to CLMD 1687, with a net share to the Municipal Water District of 0.000576647. Monetarily speaking, a \$10,000 increment in assessed valuation of a parcel means that the parcel will pay an additional \$100 in property taxes, of which the Municipal Water District would receive \$0.0577 and CLMD 1687 would receive \$0.0013.

Please have the resolution executed and returned to us by email with an e-signature approval of the resolution to [ttrujill@pw.lacounty.gov](mailto:ttrujill@pw.lacounty.gov) by September 4, 2023.

If you have any questions, please contact Mr. Tony Trujillo, Traffic Safety and Mobility Division, at (626) 300-4865 or [ttrujill@pw.lacounty.gov](mailto:ttrujill@pw.lacounty.gov).

Very truly yours,

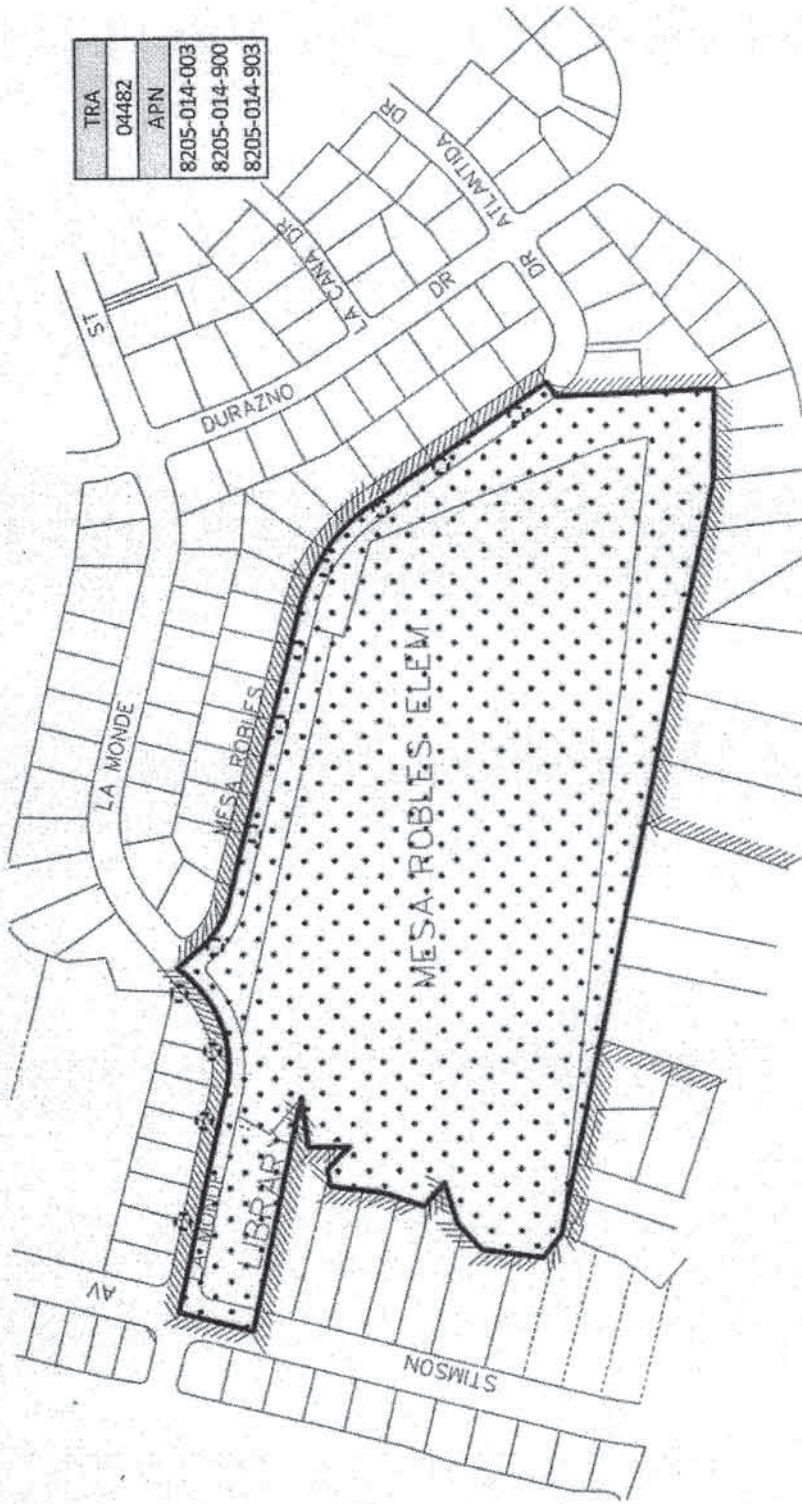
MARK PESTRELLA, P.E.  
Director of Public Works

  
for ELAINE KUNITAKE  
Assistant Deputy Director  
Traffic Safety and Mobility Division

TT:al

Enc.





TRA
04482
APN
8205-014-003
8205-014-900
8205-014-903

# **LEGEND**

- PROPOSED ANNEXATION AREA
- EXISTING LIGHTING MAINTENANCE DISTRICT 1687
- EXISTING STREETLIGHT
- PROPOSED ANNEXATION TO COUNTY LIGHTING MAINTENANCE DISTRICT 1687 AND COUNTY LIGHTING DISTRICT ILLA-1, UNINCORPORATED ZONE

## **PETITION NO. 56-1221**

LOS ANGELES COUNTY PUBLIC WORKS  
TRAFFIC SAFETY AND MOBILITY DIVISION  
STREET LIGHTING SECTION

**LA MONDE ST - MESA ROBLES DR**  
BETWEEN STIMSON AVE AND DURAZNO DR  
HACIENDA HEIGHTS AREA

Reviewed By	NOT TO SCALE	Scale	67B-C4
Drawn by		Date	02-09-2022
Approved by		Date	2-9-2022

*Joanline Herrera*



## ANNEXATION TO: CO LIGHTING MAINT DIST NO 1687

ACCOUNT NUMBER:

019.40

TRA:

04482

EFFECTIVE DATE:

07/01/2023

ANNEXATION NUMBER:

PE 56-1221

PROJECT NAME: PETITION NO 56-1221

DISTRICT SHARE:

0.021423831

ACCOUNT #	TAXING AGENCY	CURRENT TAX SHARE	PERCENT	PROPOSED DIST SHARE	ALLOCATED SHARE	ADJUSTMENTS	NET SHARE
001.05	LOS ANGELES COUNTY GENERAL	0.327885798	32.7896 %	0.021423831	0.007024580	-0.007188391	0.320697407
001.20	L.A. COUNTY ACCUM CAP OUTLAY	0.000116551	0.0116 %	0.021423831	0.000002496	0.000000000	0.000116551
003.01	L A COUNTY LIBRARY	0.024004329	2.4004 %	0.021423831	0.000514264	-0.000514264	0.023490065
005.20	ROAD DIST # 4	0.005965827	0.5965 %	0.021423831	0.000127810	-0.000127810	0.005838017
007.30	CONSOL. FIRE PRO.DIST.OF L.A.CO.	0.179203668	17.9203 %	0.021423831	0.003839229	-0.003839229	0.175364439
007.31	L A C FIRE-FFW	0.007529729	0.7529 %	0.021423831	0.000161315	0.000000000	0.007529729
030.10	L.A.CO.FL.CON.DR.IMP.DIST.MAINT.	0.001794079	0.1794 %	0.021423831	0.000038436	-0.000038436	0.001755643
030.70	LA CO FLOOD CONTROL MAINT	0.010153134	1.0153 %	0.021423831	0.000217519	-0.000217519	0.009935615
036.40	HACIENDA REC & PARK DIST	0.005263886	0.5263 %	0.021423831	0.000112772	-0.000112772	0.005151114
061.80	GREATER L A CO VECTOR CONTROL	0.000385646	0.0385 %	0.021423831	0.000008262	-0.000008262	0.000377384
066.80	CO SANIT DIST NO 21 OPERATING	0.013066460	1.3066 %	0.021423831	0.000279933	-0.000279933	0.012786527
368.05	UPPER SAN GAB. VY. MUN. WATER	0.000589271	0.0589 %	0.021423831	0.000012624	-0.000012624	0.000576647
400.00	EDUCATIONAL REV AUGMENTATION FD	0.067000821	6.7000 %	0.021423831	0.001435414	EXEMPT	0.067000821
400.01	EDUCATIONAL AUG FD IMPOUND	0.131877650	13.1877 %	0.021423831	0.002825324	EXEMPT	0.131877650
400.15	COUNTY SCHOOL SERVICES	0.001445443	0.1445 %	0.021423831	0.000030966	EXEMPT	0.001445443
400.21	CHILDREN'S INSTIL TUITION FUND	0.002868688	0.2868 %	0.021423831	0.000061458	EXEMPT	0.002868688
809.04	MT.SAN ANTONIO COMMUNITY COLLEGE	0.030960372	3.0960 %	0.021423831	0.00063289	EXEMPT	0.030960372
809.20	MT SAN ANTONIO CHILDRENS CTR FD	0.000298828	0.0298 %	0.021423831	0.000006402	EXEMPT	0.000298828
870.03	HACIENDA-LA PUENTE UNIF. SCH.DIS	0.181055457	18.1055 %	0.021423831	0.003878901	EXEMPT	0.181055457

ANNEXATION NUMBER: PE 56-1221		PROJECT NAME: PETITION NO 56-1221		TRA: 04482			
ACCOUNT #	TAXING AGENCY	CURRENT TAX SHARE	PERCENT	PROPOSED DIST SHARE	ALLOCATED SHARE	ADJUSTMENTS	NET SHARE
870.06	CO.SCH.SER.FD.HACIENDA-LA PUENTE	0.007649187	0.7649 %	0.021423831	0.000163874	EXEMPT	0.007649187
870.07	DEV.CTR.HDCPD.MINOR-HACI-LA PUTE	0.000885176	0.0885 %	0.021423831	0.000018963	EXEMPT	0.000885176
***019.40	CO LIGHTING MAINT DIST NO 1687	0.000000000	0.0000 %	0.021423831	0.000000000	0.000000000	0.012339240
TOTAL:		1.000000000	100.0000 %		0.021423831	-0.012339240	1.000000000



ACCOUNT#	TRA#	ANNEX#	ERROR MESSAGE
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TOTAL EXCEPTION COUNT: 0

ACCOUNT#	TRA#	ANNEX#	ERROR MESSAGE
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TOTAL EXCEPTION COUNT: 0

# *Upper San Gabriel Valley Municipal Water District*

## **Annual Comprehensive Financial Report**

For the fiscal year ended June 30, 2023  
*(With comparative data for prior year)*

Prepared by:  
Finance and Administration Department

248 E. Foothill Blvd., Suite 200  
Monrovia, California 91016



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# *Upper San Gabriel Valley Municipal Water District*

## **Annual Comprehensive Financial Report For the fiscal year ended June 30, 2023 (With comparative data for prior year)**

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## **Introductory Section**

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November 30, 2023

The Honorable Board of Directors  
Upper San Gabriel Valley Municipal Water District

**Board of Directors:**

Anthony R. Fellow, Ph.D.  
Division 1

Charles M. Treviño  
Division 2

Ed Chavez  
Division 3

Katarina Garcia  
Division 4

Jennifer Santana  
Division 5

The Upper San Gabriel Valley Municipal Water District (Upper District) staff is pleased to present the Upper District's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. This report is prepared in accordance with the guidelines set forth by the Governmental Accounting Standards Board (GASB).

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, this effort provides reasonable, rather than absolute, assurance that the financial statements contain no material misstatements.

Rogers, Anderson, Malody & Scott, LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on the financial statements for the year ended June 30, 2023. The independent auditor's report is located at the front of the financial section of this report.

The MD&A complements this letter of transmittal and should be read in conjunction with it.

## **Profile of the Upper District**

### History

Upper District, formed by voters in the San Gabriel Valley on December 8, 1959 to help solve water problems in the rapidly developing San Gabriel Valley, was incorporated on January 7, 1960. On March 12, 1963, residents of the District voted to annex to the Metropolitan Water District of Southern California (MWD), to provide supplemental water, first from the Colorado River and later the State Water Project, to replenish local groundwater supplies.

Upper District played a vital role in determining water rights within the Main San Gabriel Basin by acting as plaintiff in the 1973 court case of the Upper San Gabriel Valley Municipal Water District, Plaintiff, v. City of Alhambra, et al, Defendants. This case brought about the creation of the Main San Gabriel Basin Watermaster (Watermaster), ordered by the court to administer and enforce provisions of the Judgment.

Upper District's service area covers approximately 144 square miles and includes all or parts of 18 cities and portions of unincorporated Los Angeles County with more than 950,000 residents. Upper District partners with many public and private entities to provide a sustainable, high quality water supply to residents and businesses within the greater San Gabriel Valley. Consistent with its motto of "Where Solutions Flow," Upper District is widely recognized for its customer service orientation, community involvement, and creativity in promoting water quality, water recycling, and water conservation.



### Vision

Upper District aims to support a high quality of life in the greater San Gabriel Valley by providing valued water services.

### Mission

Upper District's mission is to consistently meet our region's need for reliable, high quality and affordable water.

### Core Values

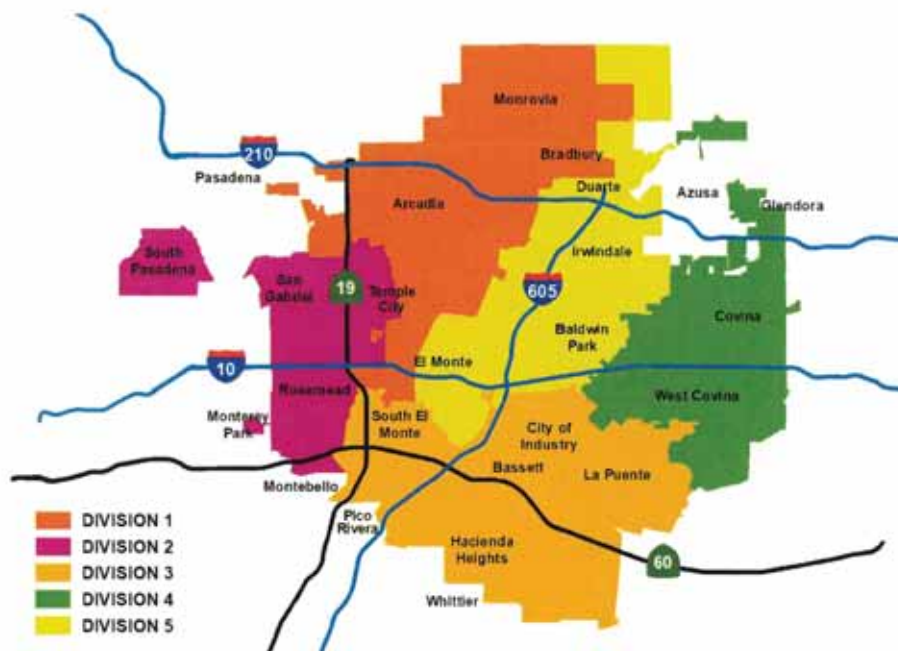
Upper District team, consisting of Board and staff, will embody the following core values in conducting the business of the district:

- Diversity – Our team will maintain an inclusive culture that is characterized by civility, respect, and consideration of all viewpoints and reflects the community we serve.
- Collaborative – Our team is collaborative, supporting each other's efforts, loyal to one another, and cares for each other both personally and professionally.
- Innovative – Our team will encourage and value the introduction of new ideas and methods.
- Integrity – Our team will consistently adhere to high moral and ethical principles.
- Professionalism – Our team will professionally, respectfully, and responsively serve the needs of its customers.
- Transparency – Our team will interact with all in a fair, open and honest manner.

### Service Area

Five elected Directors, each serving a 4-year term and representing a designated geographic area within the Upper District's boundaries, govern the Upper District. Additionally, as a member agency of the MWD, the Upper District appoints one representative to the MWD Board of Directors. The Upper District also has representation on the San Gabriel Basin Water Quality Authority and Watermaster Boards.

Most of the water imported into the Upper District service area is used to replenish the Main San Gabriel Groundwater Basin (the Basin). A small percentage is purchased by city water departments and private water utilities for direct sale to customers.



Upper District Board of Directors



Division 1 – Director Anthony R. Fellow, Ph.D.  
Representing all or portions of Arcadia, Bradbury,  
El Monte, Monrovia, and Temple City



Division 2 – Director Charles M. Treviño  
Representing all or portions of Rosemead, San Gabriel, South  
Pasadena, South San Gabriel and Temple City



Division 3 – Director Ed Chavez  
Representing all or portions of Avocado Heights, Bassett, City  
of Industry, Hacienda Heights, La Puente, Spy Glass Hill,  
South El Monte, and Valinda



Division 4 – Director Katarina Garcia  
Representing all or portions of Azusa, Covina, Glendora, and  
West Covina



Division 5 – Director Jennifer Santana  
Representing all or parts of Baldwin Park, Duarte, El Monte  
and Irwindale



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## Local Economy

During the depths of the pandemic, California's economy followed a more restrictive path and took longer to get back on track. The State's turnaround began in the second half of 2020 and has continued over the past two years. Despite some weakness in economic activity this year, California is expected to see continued growth in jobs and the unemployment rate will be low. In the long run, it faces twin challenges with gaps in both its labor force and housing.

With the sectors of the economy gaining momentum in 2021, the California unemployment rate fell to 5.8% one year later, finally returning to its pre-pandemic rate of 4.1% in late 2022. Similarly, job growth accelerated in 2021 with a 3.6% gain as the economy rebounded and again in 2022 with a 5.1%, the fastest pace of growth in over 20 years. By August 2022, the State recouped all pandemic job losses. Like the nation, this recovery occurred more quickly than the Great Recession.

California's housing situation is both chronic and painful, and given the persistent shortfall of housing supplied relative to housing demanded, high home prices and low affordability have become entrenched in the housing market. The State's labor force will also be constrained in the coming years due to anticipated retirements from the Boomer generation. Addressing both of these issues is critical. California's economy needs workers to fuel its growth but because of recent demographics trends made worse by the State's high cost of living, workers will be harder to find in the coming years.

Los Angeles County continues to steer the California economy due to the size of its population and reputation as a center of commerce. Representing about a quarter of all jobs in the State, employment changes in the County mirror those experienced by the State. The growth in the County's real gross county product slowed after its big recovery in 2021, with the forecast for the coming year expecting a slight decrease. While the unemployment rate returned close to its pre-pandemic level, a slight labor market contraction is expected in the coming years. In terms of the housing crisis in California, Los Angeles is considered one of the most troubled areas in this regard.

Over the past two years, the San Gabriel Valley regional economy has made significant progress in recovering from the downturn of the pandemic, with the path of the regional economy depending in part on the direction of the national and state economies.

Following the pandemic-fueled downturn in 2020 and 2021, the San Gabriel Valley economy made large strides in 2022, despite continuing challenges tied to the pandemic, supply chain disruptions, high interest rates, and inflation. The significant growth in employment was led by the leisure and hospitality, health care, and professional and business services sectors, with the region's unemployment rate reaching its lowest level in at least 10 years. While residential and commercial real estate struggled in 2022, the market for industrial space remained strong.

The San Gabriel Valley's industry profile resembles that of Los Angeles County, with few exceptions. Both have large shares of jobs in professional and business services, health care, wholesale trade and logistics, and leisure and hospitality, each of which saw substantial employment growth over the past year. As the region looks ahead to the balance of 2023 and beyond, its future growth prospects depend on the success of industries serving markets outside the San Gabriel Valley.

Sources: San Gabriel Valley Economic Partnership's 2023 Economic Forecast Report, Los Angeles County Economic Development Corporation's Economic Forecast 2023.



## **Major Initiatives**

Consistent with its mission, the Upper District strives to assist local retail water providers to manage their water supply safely and cost-effectively by improving water quality and increasing supply reliability. This is a challenging goal because factors such as climate, water quality legislation, regulations, government policy, economics, population, and market demand change and, thus, affect the Upper District's planning and operations. Upper District's primary function has been to provide supplemental water to its retail water providers, sourced from the State Water Project, the Colorado River, and more recently, in the form of recycled water.

### Imported Water Deliveries

Upper District continues to champion policies supporting sustainable groundwater management and fair treatment of San Gabriel Valley ratepayers and taxpayers.

Since 2015, Upper District has been pre-purchasing untreated water for storage. As of June 30, 2023, the District has about 5,700 acre-feet of water in its storage account. Upper District may consider future "preemptive" imported water deliveries while Metropolitan has supplies available and can accommodate deliveries. These future decisions may be economically viable utilizing District reserves and continue the vision of a "wet water"-based management solutions.

The new 10-year cyclic storage agreement executed in March 2022 by Upper District, Metropolitan and Watermaster provides much needed flexibility in moving water into the Main San Gabriel Basin (Basin) by allowing Metropolitan to deliver and store up to 200,000 acre-feet of water in advance of demand for water by Watermaster and Upper District. Metropolitan has about 24,100 acre-feet of water in its cyclic storage account as of June 30, 2023.

As California grappled with yet another historically dry year in 2022, Upper District worked closely with Metropolitan, Watermaster and the producers to develop potential short-term and long-term actions to reduce dependence on State Water Project (SWP) supplies.

A Quagga Mussel Control Plan was developed and submitted for approval by the Department of Fish and Wildlife and the Los Angeles Flood Control District as part of efforts to get Colorado River water (CRW) into the basin. The plan, which includes provisions for control and containment, post-delivery eradication, testing and monitoring, identified four sections of the San Gabriel River. Control methods and monitoring strategies have been developed for each section. This effort can potentially save up to 50 thousand acre-feet of SWP supplies annually.

Metropolitan launched its Reverse Cyclic Program (RCP) in 2022 as another strategy for preserving SWP supplies during low allocation years through deferment of deliveries to a future wet year. This program allowed member agencies to purchase imported water during calendar year 2022 for deferred delivery in future years at Metropolitan's discretion, but no later than five full calendar years from the date of purchase. In January 2023, Upper District executed a letter agreement with Watermaster regarding the 15,000 acre-feet of water purchased in December through Metropolitan's RCP. The letter provides for deferred billing of Upper District's surcharge and recognition of related water sales revenue in the year water is actually delivered by Metropolitan. By the end of June 30, 2023, Metropolitan delivered 4,000 acre-feet of the pre-purchased water, leaving 11,000 acre-feet for delivery in the future.

The prolonged drought in 2022 was followed by an exceptionally wet winter, bringing drought relief to the region. With reservoirs nearing capacity and the snowpack being one of the largest on record in California, the Department of Water Resources raised the SWP allocations to 100% in April 2023, a first since 2006. Upper District began working with Watermaster, the County, and Metropolitan to facilitate imported water deliveries into the Basin and address challenges associated with percolation and planned releases and maintenance operation by the County.



Fiscal year 2022/23 is the second year of the three-year purchase agreement between Upper District and Watermaster. Executed in December 2021, the agreement aims to address the variability of untreated water sales and the growing gap between Metropolitan's readiness-to-serve (RTS) charge and the standby charge revenue Metropolitan collects on behalf of Upper District. Under the agreement, Watermaster commits to purchase a set amount of water each fiscal year sufficient to meet the District's required debt coverage ratio.

#### Integrated Resources Plan (IRP)

Completed in 2012, Upper District's IRP defines a long-term strategy for investments in a balanced portfolio of water supplies that are reliable and affordable. Upper District is currently implementing the strategy defined in the IRP, which includes the Recycled Water Program described in the next section.

Upper District is working on updating the Integrated Resource Plan to address significant changes regarding potential water resource programs and supply availability and strives to work with all stakeholders to implement innovative conservation, recycling, and storm water capture projects to improve long-term water supply reliability.

#### Recycled Water Program

Recycled water is a key element of Upper District's overall strategy of supplementing local water supplies. Recycled water is being used throughout California to irrigate golf courses, parks, freeway landscaping and crops. It is also being used to replenish groundwater basins, to serve as a barrier to seawater intrusion, and by industry for cooling processes and other purposes. Recycled water directly offsets the need to import increasingly expensive water that is pumped from the sensitive Bay-Delta ecosystem.

Upper District's success in proactively advancing water recycling is largely attributable to the support of its partners: The United States Bureau of Reclamation (USBR); State Water Resources Control Board; Metropolitan Water District; Sanitation Districts of Los Angeles County; Watermaster, local retail water providers and many others who have contributed to the successful development of recycled water in the San Gabriel Valley.

#### Direct Reuse

The Direct Reuse Program includes the phased construction of a recycled water distribution system used to provide water for irrigation purposes. Over \$51 million has been invested to construct a direct reuse recycled water distribution system consisting of more than 24 miles of distribution pipeline. The major components of the direct reuse system are summarized below. All components of the system are in service.

Whittier Narrows – The Upper District's Whittier Narrows Water Recycling Project supplies the 2,500 acre Whittier Narrows Recreation Area with about 400 million gallons of recycled water each year. The recycled water provides irrigation for a large public park, soccer, baseball, and softball fields as well as the 18-hole Whittier Narrows Golf Course.

South El Monte High School – In 2007, Upper District converted South El Monte High School to recycled water for irrigating campus green areas and athletic fields. Recycled water used at the high school conserves nearly 17 million gallons of drinking water each year, enough to supply about 100 households.

Rose Hills Memorial Park – In early 2006, Upper District converted about half of the Rose Hills Memorial Park (Rose Hills) to recycled water for irrigation purposes. Prior to using recycled water, Rose Hills used approximately 388 million gallons (1,200 acre-feet) per year or about 1,000,000 gallons per day of drinking water for irrigation. By using recycled water,



Rose Hills reduced their drinking water demand by about 600 acre-feet per year, saving about 500,000 gallons of drinking water per day or enough drinking water to supply about 1,200 average single-family homes each year. As part of this project, an additional 21 million gallons of recycled water per year are provided to Rio Hondo College, Mill Elementary School and Gateway Pointe Industrial Park for irrigation purposes.

In 2014, Upper District assisted Rose Hills in obtaining \$500,000 in Proposition 84 grant funds to expand the recycled water system and serve an additional 600 acre-feet per year. This effort required Rose Hills to contribute \$500,000 towards the needed improvements which were completed in 2016, increasing the use of recycled water by another 600 acre-feet per year. Rose Hills has since disconnected from the Upper District system.

Rosemead Extension – The San Gabriel Valley Water Recycling Project Phase IIA – Rosemead Extension consists of recycled water pipelines extending north and west from the Whittier Narrows Recreation Area to supply approximately 98 million gallons of recycled water per year to Southern California Edison corporate headquarters, Panda Express corporate headquarters, Walmart and several nurseries, schools, and businesses.

City of Industry – In 2010, the Upper District's City of Industry Water Recycling Project began providing recycled water for irrigation purposes by extending an existing recycled water pipeline, stretching from the City of Industry through Hacienda Heights, to West Covina. The project supplies more than 260 million gallons of recycled water per year for irrigation to a landfill, golf course, baseball complex, schools, parks, medians, and green belts in the San Gabriel Valley.

South El Monte and El Monte Extension – In 2014, Upper District assisted the San Gabriel Valley Water Company in obtaining \$1.28 million in Proposition 84 grant funds to expand the Whittier Narrows Recycled Water system to serve an additional 95 acre-feet per year of recycled water in South El Monte and El Monte. The San Gabriel Valley Water Company provided approximately \$2.13 million to complete the facilities needed and began delivering recycled water in 2019.

La Puente Valley County Water District Recycled Water System – In 2014, Upper District assisted the La Puente Valley County Water District in obtaining \$428,000 in Proposition 84 grant funds to construct a recycled water system to serve 60 acre-feet per year of recycled water in La Puente and the City of Industry. The La Puente Valley County Water District will provide \$1.57 million to complete the facilities needed. The construction award was approved in December 2019. The pipeline construction is complete and recycled water delivery is anticipated to begin in October 2023.

#### Storm Water

##### *MillerCoors Storm Water Capture Project*

Upper District facilitated several meetings with Vulcan, MillerCoors, the LAFCD and Watermaster to determine feasible means of including MillerCoors' east pit as part of the LAFCD storm water capture system. LAFCD, Vulcan, and MillerCoors discussed the most feasible means to develop a storm water capture facility that meets the needs of all parties. At this time, no additional discussions are underway.

##### *MS4 Stormwater Permit*

Upper District staff participated in extensive discussions with the Council of Government Water Committee members on the MS4 stormwater permit and the potential to use regional facilities to reduce the cost of compliance. A technical study of the Peck Lake Park area was prepared for use by the Flood Control District and cities that currently benefit from the use of Peck Lake.



### Water Use Efficiency

The effects of climate change and continuing drought-like conditions have left many groundwater basins at low or near record low levels. Upper District continues to maintain a proactive and innovative conservation outreach program for our residents in the San Gabriel Valley. For FY 22/23, Upper District continued to implement residential and commercial water use efficiency programs. Upper District's approach is in keeping with the State's long-term framework for conservation and drought planning titled, "Making Conservation a California Way of Life", which outlines implementation of EO-B-37-16.

As a result of ongoing drought in California and limited imported water allocations for State Water Project (SWP) water, MWD executed an Emergency Water Conservation Program (EWCP) in April 2022 to adopt a framework to reduce non-essential water use and preserve available supply for the greatest public benefit in SWP-dependent areas, which included Upper District. As part of the EWCP, MWD estimated that approximately 14,700 AF of SWP supply will be available to Upper District during July 2022 through December 2022.

In response to this action, the Upper District Board also adopted an Emergency Water Conservation Program in May 2022. Under the program, Upper District committed to work with MWD to implement the volumetric option for human health and safety water deliveries. The EWCP called for the implementation of a 20 percent level of conservation and limitation of outdoor irrigation to two days per week for all of Upper District's retail water agencies. The program also authorized Upper District staff to expand public information and education activities throughout its service area to increase awareness about the importance of reducing water use due to dry conditions and preserving existing water supply storage.

### Water Conservation and Education

Water conservation is a vital and cost-effective method of preserving our water supply and is a critical aspect of an effective, sustainable water supply program. Throughout California and the San Gabriel Valley, cities, water companies, utilities, and water districts are deeply involved in conservation and public education efforts that promote water use efficiency. Informing residents, businesses, and our youth about water use efficiency remains a top priority of Upper District's public education program.

### *Residential Programs*

Residential Rebate Program – Through Metropolitan's SoCal Water Smart Regional Residential Rebate Program, Upper District's residents are offered rebates for retrofitting several types of high water-use fixtures/equipment. Rebate items include the following: High-Efficiency Clothes Washers (HECW), Premium High Efficiency Toilets (PHET), Weather-Based Irrigation Controllers (WBIC), Rotating Sprinkler Nozzles, Soil Moisture Sensor Systems (SMSS), Hos Bib Irrigation Controllers (HBIC), Rain Barrels, Cisterns, and turf removal. Rebates were paid for 330,441 residential devices during the fiscal year that will produce approximately 844 acre feet (275,018,244 gallons) of lifetime water savings.

### *Commercial, Industrial, and Institutional (CII) Program*

CII Rebate Program – Through Metropolitan's SoCal Water Smart Commercial Rebate Program, Southern California businesses are eligible for rebates to help encourage water use efficiency. This program offers rebates on a wide variety of water-saving technologies including premium PHETs and Zero Water Urinals (ZWU), Ultra-Low Water Urinals (ULWU), WBICs, Central Computer Irrigation Controllers (CCIC), SMSS, HBIC, Large Rotary Nozzles, In-Stem Flow Regulators, pH-Cooling Tower Controller (pH-CTC), Cooling Tower Conductivity Controller (CTCC), Dry Vacuum Pumps, Connectionless Food Steamers, Ice-Making Machines, and turf removal. Rebates were paid for 37,868 CII devices during FY



22/23 that will produce approximately 99 acre feet (32,259,249 gallons) of lifetime water savings.

Water Fill Station Program – During FY 22/23, Upper District completed its Water Filling Station program (WFS) which involves the installation of water bottle filling stations at designated public facilities located within Upper District's service area with high pedestrian traffic or provide recreational activity. The program provides accessibility to tap water, highlighting the quality of tap water while providing an alternative to one-time use plastic bottles. The production, packaging, and transportation of one-time use plastic bottles is both water and energy intensive. The aftermath of using one-time plastics is a long-term negative impact on the environment.

The success of the WFS program resulted in several water producers stepping forward to fund additional water fill stations, expanding the program far beyond the original number of site installation pilot projects. The WFS program benefitted local communities, delivering positive environmental impacts while highlighting the safety of local drinking water. Accommodating this partnering approach capitalized on the economies of scale, ensured consistent program guidelines, maintained a consistent regional water use efficiency message to the public, and created a successful partnering endeavor between the Upper District and its water producers. A total of 97 WFS were installed during the course of the program.

#### *Education and Community Outreach Programs*

Watershed Restoration Program – This program is a cooperative partnership between the Upper District and the U.S. Forest Service that incorporates volunteers into efforts to protect and maintain the local watershed. Program activities typically include collection of native seeds, planting of saplings, and trash removal. During FY 22/23, the volunteer events returned with an event in April and May 2023. Both events were designed to restart the program and reinvigorate the partnership between both agencies.

4th-7th Grade Sustainable Watershed Education Program – The partnership with the Discovery Science Foundation provides exciting 4th-7th grade student curriculum that focuses on water use efficiency, highlights watershed issues, and groundwater awareness. Offered free to participating schools, the program includes interactive assemblies for fourth and fifth graders and in-class hands-on workshops for sixth graders.

During FY 22/23, 2,286 students from 9 schools participated in the assemblies and hands-on workshops. Due to COVID-19, the program was revamped to include options for virtual learning. Both in-person and virtual options remained available through the 2022-23 academic year. During FY 22/23, Upper District redesigned the booklet given to all 4th and 5th grade students during these assemblies. The booklet contains information related to water efficiency, water quality, watershed restoration, specific details about the San Gabriel Valley water infrastructure, and various activities to engage learning. The curriculum was updated to establish a more regional focus on water awareness and water levels to ensure students receive a personal connection to the lessons.

Upper District also offers a number of free class trips to the Discovery Cube's Los Angeles or Santa Ana locations. The trip includes free admission for up to 60 students and a \$250 transportation grant. Upper District offered these field trips to any schools that were scheduled and postponed in 2020, but due to continuing restrictions at the schools, they were not able to participate.



Water Efficiency Workshops – Upper District continued offering virtual workshops and a total of 341 individuals virtually attended 14 workshops hosted by Upper District during FY 22/23. One workshop was held in-person at the new headquarters. Upper District is planning on hosting more in-person opportunities through the next fiscal year.

Water Engineering 4 Good – Previously called “Solar Cup” and sponsored by MWD, Water Engineering 4 Good (WE4G) is an online STEAM competition for middle school through high school students. Through this program, teams will learn from water industry professionals about the current drought and create innovative engineering solutions to conserve water at home, in industry, agriculture, or in treatment and distribution. The teams will build a small-scale physical model out of recycled/upcycled materials and an animated CAD model of their engineering solution. The teams will also create a video journal and social media posts to document their progress and develop a multimedia presentation of their engineering solution that will be presented to and judged by a panel of water industry experts. Four teams within Upper District’s service area participated in the program for FY 22/23.

Water Awareness Art Contest – Upper District’s “Water is Life” art contest inspires students to think about how important water is to all life and encourages youth to express the value of water through their artwork. The contest has 4 categories: K-2, 3-5, 6-8 and 9-12<sup>th</sup> grade. Upper District hosted the contest using virtual submission and voting of 208 posters submitted from 27 schools.

Water Education Grant Program – The Upper District’s Water Education Grant Program (WEGP) offers teachers an opportunity to apply for grants of up to \$1,000 for proposed school projects that are related to water. A total of 24 applications amounting to \$24,660.85 were awarded during the 2022/23 school year.

Water Conservation Booths – Upper District maintains an aggressive grassroots outreach campaign to educate the residents of the San Gabriel Valley. Informational booths on water conservation are hosted by Upper District at city sponsored events such as summer concerts, community, and environmental fairs. Upper District participated in 63 outreach booths during FY 22/23.

Waterfest – Upper District hosts an annual conservation event in partnership with the Los Angeles County Department of Parks and Recreation. This educational event for residents, families and children features interactive educational booths, environmental displays, informative presentations, free water-saving materials, raffles and more. In FY 22/23, Waterfest returned with over 50 exhibitors and approximately 1,000 residents who participated in the one-day festival.

Conserve-a-palooza – Conserve-a-palooza is a virtual outreach program that uses social media to engage and educate residents on water conservation. For FY 22/23, Upper District held Conserve-a-palooza in the spring over a six-week period. Residents within Upper District’s service area had the opportunity to participate by answering weekly conservation trivia. Randomly selected participants received water-use efficiency devices as giveaways ranging from high-efficiency toilets to native plant vouchers.

News Splash Newsletter – For over three years now, Upper District continues to inform residents, stakeholders and community leaders through its monthly e-newsletter called “News Splash”. Each monthly edition includes water related news, information on Upper District’s conservation and educational programs, water smart workshops, and water saving resources.



Upper District's Website – Upper District's website features a streamlined format and meets all accessibility and public access guidelines for special districts. To outreach to residents and continue providing valuable water conservation materials, a teacher/parent tool kit was created and added to the website. The tool kit included conservation videos, water saving materials, activities and curriculum categorized by grade level.

Upper District's "Where Solutions Flow" Tours – Upper District has actively engaged the region's local elected officials by offering educational programs on key water policies and issues that affect the San Gabriel Valley. Upper District, in partnership with the Main San Gabriel Basin Watermaster, MWD, the Army Corps of Engineers, LA County Flood Control District, and San Gabriel Valley Water Company, have provided educational tours of the San Gabriel Valley water infrastructure.

Speakers' Bureau Presentations – Upper District Board members and management make numerous presentations to city councils, school boards, chambers of commerce and other community organizations. These presentations provide stakeholders with information about the history of the Upper District, local water issues and challenges, recycled water projects, water-related legislation, and water conservation programs. During FY 22/23, water supply presentations continued via virtual teleconferencing platforms as well as in-person, depending on the agency and restrictions.

Water Smart Video Series – Upper District continued with an aggressive messaging campaign on local water quality and safety through the drought restrictions in FY 22/23. Various informational videos were created on the San Gabriel Valley's local water supply, water quality, gardening and landscaping, and best practices for water conservation. The videos were shared through social media as well as through commercial ads on specific Spectrum channels throughout the region.

Drought Advertising – In response to Upper District's EWCP Level 2 alert, Upper District's staff embarked on an aggressive advertising and messaging campaign throughout its service area. The campaign centered on a basic message of "Thank U" for saving water for tomorrow's sustainability. Various images of basic life necessities were utilized with conservation messages. All campaign graphics were made available to Upper District's retailers for their use in messaging to their customers.

In all, the Upper District utilized \$70,000 in Member Agency Administered funds available through MWD to help supplement the extensive advertising buy that continued through the end of FY 22/23. The advertising buy consisted of billboards, digital billboards, bus stop advertisements and Spectrum commercials.

## **Relevant Financial Policies**

### Internal Control Structure

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



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### Investment Policy

Annually, the Board of Directors adopts an investment policy consistent with the requirements of the California Government Code. In order of priority, three fundamental criteria are followed by the Upper District in the investment program:

- (a) *Safety of Principal* - Investments shall be undertaken in a manner that first seeks to ensure the preservation of principal in the portfolio. Each investment transaction shall be entered into after taking into consideration the quality of the issuer, the underlying security or collateral, and diversification of the portfolio.
- (b) *Liquidity* - Investments shall be made so that the maturity date is compatible with cash flow needs and safety of principal.
- (c) *Return on Investment* - Investments shall be undertaken to produce an acceptable rate of return after first considering safety of principal and liquidity and the prudent investor standard.

During fiscal year 2022/23, all funds were invested in accordance with Upper District's investment policy.

### Designated Reserve Policy

Upper District's adopted Designated Reserve Fund Policy sets prudent levels of reserve funds to provide financial resources not only during emergencies or planned capital projects but also for scheduled and unscheduled expenses such as operation and maintenance, debt service and stabilization of rates. The Reserve Fund Policy establishes the following six designated reserves, each with its own recommended minimum, target, and maximum levels: 1) Emergency Reserve; 2) Operating Reserve; 3) Pay-go Capital Improvement and Replacement Reserve; 4) Capital Reserve; 5) Revenue Stabilization Reserve; and 6) Water Banking Reserve.

### Budget Process and Controls

Budgets are often used as a performance tool for measuring accountability of public agencies to their stakeholders. Though not legally required to do so, Upper District annually adopts a budget not only as a management tool for planning and control purposes but also to demonstrate its commitment to fiscal responsibility and transparency. Upper District also uses the budget as a communication tool that shows how the District intends to allocate its resources in support of its mission, goals and objectives.

Developing and monitoring the budget is an ongoing process. Upper District conducts a series of budget workshops to encourage stakeholder participation and input prior to adoption of the final budget. Monthly financial statements showing budget-to-actual comparison and analysis are presented to management and the Board of Directors to facilitate review and assessment throughout the fiscal year.

### Water Rates

Pursuant to Water Code Section 71614 et seq., Upper District establishes water rates and charges through a resolution by the Board of Directors. Prior to adoption of the water rates and charges, workshops are held to solicit input from all stakeholders.

## Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Upper District for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the 12th consecutive year that the Upper District has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Thomas A. Love  
General Manager



Evelyn M. Rodriguez  
Chief Financial Officer/Chief Administrative Officer





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Upper San Gabriel Valley Municipal Water District  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

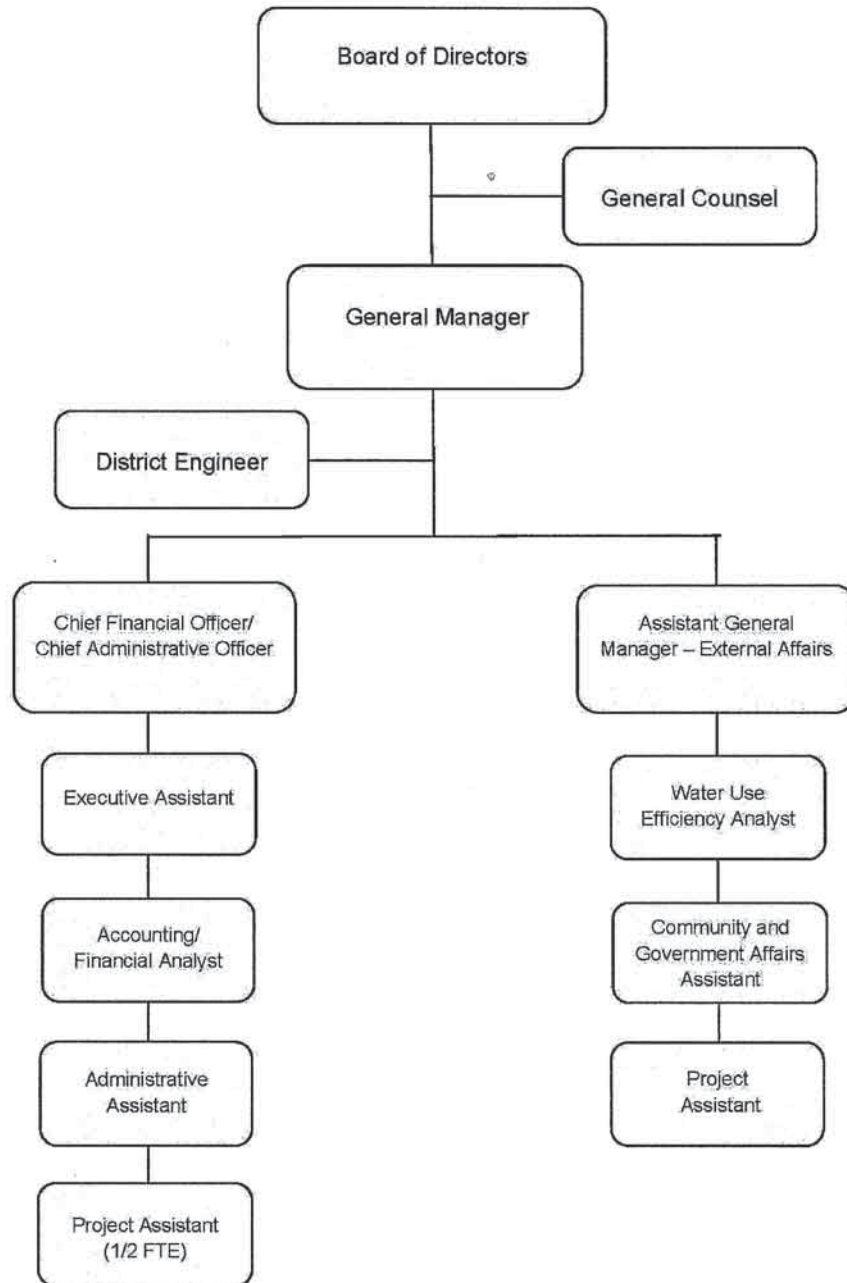
Executive Director/CEO

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# Upper San Gabriel Valley Municipal Water District

## Organizational Chart

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## **Financial Section**

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## *Independent Auditor's Report*

### **PARTNERS**

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Bradford A. Welobit, CPA, MBA, CGMA  
Jenny W. Liu, CPA, MST  
Gardenia Duran, CPA, CGMA  
Brunna Schultz, CPA, CGMA  
Branda L. Odle, CPA, MST (Partner Emeritus)

### **MANAGERS / STAFF**

Seong-Hyea Lee, CPA, MBA  
Evelyn Morentin-Barcena, CPA  
Veronica Hernandez, CPA  
Laura Arzuu, CPA  
John Maldonado, CPA, MSA  
Julia Rodriguez Fuentes, CPA, MSA  
Demi Hite, CPA  
Jeffrey McManis, CPA

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Honorable Board of Directors  
Upper San Gabriel Valley Municipal Water District  
Monrovia, California

## **Report on the Audit of the Financial Statements**

### ***Opinion***

We have audited the accompanying financial statements of the Upper San Gabriel Valley Municipal Water District (Upper District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Upper District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Upper District, as of June 30, 2023, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the California State Controller's office and state regulations governing special districts.

### ***Basis for Opinion***

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

## **Report on Summarized Comparative Information**

We have previously audited Upper District's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 27, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



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### ***Responsibility of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Upper 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.

### ***Auditor's Responsibilities for the Audit 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 audit.
- 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 audit 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 Upper 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 Upper 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules listed in the table of contents, 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of Upper 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 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 Upper District's internal control over financial reporting and compliance.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California  
November 30, 2023



# *Upper San Gabriel Valley Municipal Water District*

## **Management's Discussion and Analysis For the fiscal year ended June 30, 2023**

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The following Management's Discussion and Analysis (MD&A) provides an overview of the financial performance and activities of the Upper San Gabriel Valley Municipal Water District (Upper District) for the fiscal years ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes which follow this section.

### **Required Financial Statements**

Upper District is a wholesale water utility enterprise and presents its financial statements using the economic resources measurement focus and the full accrual basis of accounting. As an enterprise fund, Upper District's basic financial statements include the statement of net position, statement of revenues, expenses and changes in net position and statement of cash flows. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The statement of net position presents information on all Upper District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Upper District is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how Upper District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are recognized on an accrual basis.

The statement of cash flows is related to the other financial statements by the way it links changes in assets and deferred outflows of resources and liabilities and deferred inflows of resources to the effect on cash and cash equivalents over the course of the fiscal year.

The notes to the financial statements provide useful information regarding Upper District's significant accounting policies, and they explain significant account balances and activities, certain material risks, obligations, commitments, contingencies and subsequent events, if any.

### **Financial Highlights**

- During fiscal year 2022/23, the producers and Watermaster made combined imported water purchases of about 44,600 acre feet, a decrease of about 5,100 acre feet compared to prior fiscal year's.
- Under the three-year purchase agreement with Watermaster, about 13,700 acre-feet of untreated water were sold at cost.
- Capital expenditures during the fiscal year consisted mostly of costs associated with the renovation of Upper District's new office amounting to about \$1.37 million.
- In December 2022, Watermaster ordered from Upper District 15,000 acre-feet of water through Metropolitan's RCP equivalent to an \$11.99 million prepayment to Metropolitan and a corresponding unearned revenue. About \$8.78 million of this prepayment and unearned revenue remain as of June 30, 2023

More information on the financial statement variances is covered in the next sections.

## Upper San Gabriel Valley Municipal Water District

### Management's Discussion and Analysis For the fiscal year ended June 30, 2023

#### Financial Analysis of Upper District

The statements of net position and the statements of revenues, expenses and changes in net position report provide an indication of Upper District's financial health. It provides a basis for evaluating the capital structure and assessing the liquidity and financial flexibility of Upper District.

The following tables summarize Upper District's financial condition and the changes in its net position for the past two years.

#### Statements of Net Position

Consolidated Statements of Net Position				
	As of June 30		Change	
	2023 (in thousands)	2022 (in thousands)	Dollar (in thousands)	Percentage
<b>Assets</b>				
Current assets	\$ 33,745	\$ 26,224	\$ 7,521	28.68%
Noncurrent assets, net	56,125	55,799	326	0.58%
Total assets	89,870	82,023	7,847	9.57%
<b>Deferred outflows of resources</b>	2,193	1,838	355	19.31%
<b>Liabilities</b>				
Current liabilities	11,287	4,145	7,142	172.30%
Noncurrent liabilities	8,987	8,480	507	5.98%
Total liabilities	20,274	12,625	7,649	60.59%
<b>Deferred inflows of resources</b>	1,518	2,026	(508)	-25.07%
<b>Net position</b>				
Net investment in capital assets	49,363	48,485	878	1.81%
Restricted	525	-	525	100.00%
Unrestricted	20,383	20,724	(341)	-1.65%
Total net position	\$ 70,271	\$ 69,209	\$ 1,062	1.53%

As shown above, Upper District's total assets exceeded liabilities and deferred inflows of resources by \$70.27 million and \$69.21 million as of June 30, 2023 and 2022, respectively, or an increase in net position of \$1.06 million between 2023 and 2022.

#### Assets

To help address the rapidly declining Basin levels, Upper District began pre-purchasing untreated water for cyclic storage in 2015. As of June 30, 2023 and 2022, Upper District's cyclic storage account has about 5,700 and 6,600 acre feet of water, respectively, amounting to \$4.15 million and \$4.77 million, also respectively. These are reported as part of current assets in Upper District's statements of net position. Current assets as of June 30, 2023 also include \$8.78 million worth of prepayment for water purchased by Upper District through Metropolitan's RCP.

Capital assets increased during fiscal year 2022/23 due to renovation costs for the new district headquarters offset by the annual provision for depreciation.



# Upper San Gabriel Valley Municipal Water District

## Management's Discussion and Analysis For the fiscal year ended June 30, 2023

### Liabilities

Upper District's current liabilities as of June 30, 2023 increased by \$7.14 million from the prior fiscal year. This increase is mainly attributable to the unearned revenue associated with untreated water committed to Watermaster through Metropolitan's RCP. In December 2022, Watermaster prepaid \$11.99 million for 15,000 acre-feet of untreated water to be delivered when water becomes available from Metropolitan. As of June 30, 2023, about 11,000 acre-feet of untreated water amounting to \$8.78 million remains to be delivered at a future date.

Upper District continued paying down its state revolving loan, reducing amount owed to CSWRCB by \$0.66 million and \$0.65 million for fiscal years ended June 30, 2023 and 2022, respectively.

### Net Position

A substantial portion of Upper District's net position consists of net investment in capital assets. Capital assets are used by Upper District to provide services to its customers and are, therefore, not available for spending. The increase in net investment in capital assets of about \$0.88 million during fiscal year 2022/23 is mainly attributable to renovation costs for the new district headquarters offset by the annual provision for depreciation.

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

The statement of revenues, expenses and changes in net position provide information on the nature and sources of these changes. For the fiscal years ended June 30, 2023 and 2022, Upper District's net position increased by \$1.06 million and \$2.67 million, respectively, as shown by the table below.

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

	For the year ended June 30		Change	
	2023	2022	Dollar	Percentage
	(in thousands)	(in thousands)	(in thousands)	
<b>Operating revenue</b>				
Water revenue	\$ 45,892	\$ 47,256	\$ (1,364)	-2.89%
Water conservation	313	507	(194)	-38.26%
Other operating revenue	90	1,077	(987)	-91.64%
Total operating revenue	46,295	48,840	(2,545)	-5.21%
<b>Total operating expenses</b>	50,749	50,990	(241)	-0.47%
Operating loss	(4,453)	(2,150)	(2,304)	107.12%
Standby charges	4,065	4,191	-126	-3.01%
Investment earnings, taxes, other	1,124	475	649	136.63%
Net nonoperating revenues	5,189	4,666	523	11.21%
Income before contributions	736	2,516	(1,781)	-70.75%
Capital contributions	325	155	170	109.68%
Change in net position	1,061	2,671	\$ (1,611)	-60.28%
Net position, beginning of year	69,210	66,538		
Net position, end of year	\$ 70,271	\$ 69,209		



## *Upper San Gabriel Valley Municipal Water District*

### **Management's Discussion and Analysis For the fiscal year ended June 30, 2023**

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#### *Operating Revenue*

Upper District received a one-time reimbursement of \$1 million from Sunny Slope Water Company (SSWC) in fiscal year 2021/22 as repayment for grant funds provided by Upper District in 2011 and 2012 for the construction of SSWC's liquid-phase granular activated carbon treatment vessel. The grant agreement required SSWC's repayment of funds should project costs be recouped from responsible parties.

Upper District also sold less imported and recycled water in fiscal year 2022/23 compared to the previous year due to the recent exceptionally wet winter that brought much needed water into the region.

#### *Nonoperating Revenue/Expenses and Capital Contributions*

Nonoperating revenue, generally consisting of standby charges, investment earnings and taxes, have remained relatively stable over the years. In fiscal year 2022/23, Upper District's standby charge rate was set at \$10 per acre per year or \$10 per parcel less than one acre per year. This charge, generating about \$2.09 million, provides funding for the recycled and water conservation programs. MWD levies a separate standby charge, set at \$9.27 per acre or portion thereof per year, on behalf of Upper District. This charge, generating about \$1.98 million, is used to offset MWD's RTS charge.

Investment earnings for fiscal year 2022/23 also showed some recovery after the global financial volatility in the prior fiscal year.

#### *Operating Expenses*

Upper District purchases imported water from MWD and sets its rates based on MWD's prevailing rates plus a per-acre-foot surcharge.

During fiscal year 2022/23, Upper District sold less imported and recycled water compared to the previous year due to the recent exceptionally wet winter that brought much needed water into the region.

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## Upper San Gabriel Valley Municipal Water District

### Management's Discussion and Analysis For the fiscal year ended June 30, 2023

#### Capital Asset Administration

As of June 30, 2023, and 2022, Upper District's investments in capital assets, net of accumulated depreciation, amounted to \$56.02 million and \$55.80 million, respectively. The following is a summary of capital assets:

	June 30		Change	
	2023 (in thousands)	2022 (in thousands)	Dollar (in thousands)	Percentage
Intangible utility plant	\$ 657	\$ 657	\$ -	0.00%
Construction in progress	8,576	11,098	(2,522)	-22.72%
Water recycling	52,105	52,105	-	0.00%
Building and improvements	7,438	3,548	3,890	109.64%
Furniture and equipment	204	441	(237)	-53.74%
Other	21	116	(95)	-81.90%
Subtotal	69,001	67,965	1,036	1.52%
Less accumulated depreciation	(12,983)	(12,167)	(816)	6.71%
Net capital assets	\$ 56,018	\$ 55,798	\$ 220	0.39%

For more information regarding Upper District's capital assets, please refer to Note 4 of the Notes to Financial Statements.

#### Long-term Debt

Construction activities for the City of Industry Project were partially funded by a State Revolving Fund (SRF) loan from the California State Water Resources Control Board (CSWRCB) which, as of June 30, 2023, and 2022, amounted to \$6,654,484 and \$7,313,702, respectively. Detailed information on Upper District's long-term debt is presented under Note 7 in the Notes to Financial Statements.

#### Water Rates and Other Charges

On May 25, 2022, the Board of Directors approved the adoption of a water standby or availability of service charge at \$10 per acre of land or \$10 for each parcel of land less than an acre within Upper District's service area for fiscal year 2022/23. This charge generates about \$2 million in revenues.

On the same date, the Board of Directors approved the water rates and charges for the different classes of water effective January 1, 2023. Upper District's water rates for the last ten fiscal years are presented on page 52 of the statistical section.



## *Upper San Gabriel Valley Municipal Water District*

### **Management's Discussion and Analysis For the fiscal year ended June 30, 2023**

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#### **Conditions Affecting Current Financial Position**

Fiscal year 2022/23 is the second year of the three-year purchase agreement between Upper District and Watermaster. Executed in December 2021, the agreement aims to address the variability of untreated water sales and the growing gap between Metropolitan's readiness-to-serve (RTS) charge and the standby charge revenue Metropolitan collects on behalf of Upper District. Under the agreement, Watermaster commits to purchase a set amount of water each fiscal year sufficient to meet the District's required debt coverage ratio. Untreated water sales in excess of the annual purchase commitment will not carry Upper District's surcharge.

After the three driest years in state history, Metropolitan launched its RCP in 2022 to preserve SWP supplies during low allocation years through deferment of deliveries to a future wet year. Upper District pre-purchased and pre-sold 15,000 acre-feet of water in December 2022 through Metropolitan's RCP. By the end of June 30, 2023, Metropolitan has delivered 4,000 acre-feet of the pre-purchased water, leaving 11,000 acre-feet for delivery at a future date.

#### **Requests for Information**

This financial report is designed to provide Upper District's funding sources, customers, stakeholders and other interested parties with an overview of Upper District's financial operations and overall financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact Upper District's Chief Financial Officer/Chief Administrative Officer at 248 E. Foothill Blvd., Suite 200, Monrovia, California 91016.



## **Basic Financial Statements**

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# Upper San Gabriel Valley Municipal Water District

## Statement of Net Position

June 30, 2023

(With summarized comparative data for prior year)

	2023	2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 13,464,783	\$ 12,985,645
Investments	5,557,849	5,514,984
Receivables:		
Water sales	569,846	2,331,242
Grants	216,669	-
Leases (Note 5)	22,325	-
Other	403,374	494,188
Prepurchased water	12,925,729	4,767,823
Prepaid expenses	59,167	129,736
Restricted:		
Restricted cash and investments - Section 115 trust	525,119	-
Total current assets	33,744,861	26,223,618
Noncurrent assets:		
Leases receivable (Note 5)	107,368	-
Capital assets, not being depreciated (Note 4)	9,233,369	11,755,204
Capital assets, net of depreciation (Note 4)	46,784,147	44,043,793
Total noncurrent assets	56,124,884	55,798,997
Total assets	89,869,745	82,022,615
<b>Deferred outflows of resources</b>		
Pension related (Note 8)	1,681,836	1,553,034
OPEB related (Note 10)	511,414	285,067
Total deferred outflows of resources	2,193,250	1,838,101
<b>Liabilities</b>		
Current liabilities:		
Accounts payable:		
Metropolitan Water District	400,462	1,427,442
Other	858,755	1,662,188
Accrued liabilities	505,333	321,419
Unearned revenue	8,808,771	33,750
Due to State Water Resources Control Board, current portion	671,116	659,217
Compensated absences, current portion (Note 6)	43,034	40,812
Total current liabilities	11,287,471	4,144,828
Noncurrent liabilities:		
Net pension liability (Note 8)	2,348,628	1,583,206
Net OPEB liability (Note 10)	613,970	203,341
Due to State Water Resources Control Board, net of current portion	5,983,368	6,654,485
Compensated absences, net of current portion (Note 6)	40,694	39,244
Total noncurrent liabilities	8,986,660	8,480,276
Total liabilities	20,274,131	12,625,104
<b>Deferred inflows of resources</b>		
Lease related (Note 5)	128,554	-
Pension related (Note 8)	1,043,578	1,448,870
OPEB related (Note 10)	345,891	577,009
Total deferred inflows of resources	1,518,023	2,025,879
<b>Net position</b>		
Net investment in capital assets	49,363,032	48,485,295
Section 115 Trust	525,119	-
Unrestricted	20,382,690	20,724,438
Total net position	\$ 70,270,841	\$ 69,209,733

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



## Upper San Gabriel Valley Municipal Water District

### Statement of Revenues, Expenses and Changes in Net Position For the fiscal year ended June 30, 2023 (With summarized comparative data for prior year)

	2023	2022
<b>Operating revenues</b>		
Water revenue	\$ 45,891,558	\$ 47,255,910
Water conservation	313,336	507,026
Other revenues	90,315	1,076,993
Total operating revenues	46,295,209	48,839,929
<b>Operating expenses</b>		
Sources of supply	41,001,010	41,556,927
Water quality and supply program	3,507,057	3,443,095
Water recycling	936,095	828,869
Conservation	1,486,652	1,802,740
Depreciation	1,179,295	1,101,531
General and administrative	2,638,737	2,257,145
Total operating expenses	50,748,846	50,990,307
Operating loss	(4,453,637)	(2,150,378)
<b>Nonoperating revenues (expenses)</b>		
Standby charges	4,065,036	4,191,638
Investment earnings (losses)	376,393	(257,620)
Gain (loss) on disposal of capital assets	(7,316)	-
Taxes	755,305	733,186
Total nonoperating revenues (expenses)	5,189,418	4,667,204
Income before contributions	735,781	2,516,826
Capital contributions	325,327	155,325
Change in net position	1,061,108	2,672,151
Net position, beginning of year	69,209,733	66,537,582
Net position, end of year	\$ 70,270,841	\$ 69,209,733

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

# Upper San Gabriel Valley Municipal Water District

## Statement of Cash Flows For the fiscal year ended June 30, 2023 (With summarized comparative data for prior year)

	2023	2022
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 56,704,632	\$ 47,709,411
Cash payments to suppliers for goods and services	(57,301,883)	(46,161,778)
Cash payments for employees for services	(1,813,340)	(3,135,976)
Net cash provided by (used for) operating activities	(2,410,591)	(1,588,343)
<b>Cash flows from noncapital financing activities</b>		
Cash received from property taxes	755,305	733,186
Cash received from standby charges	4,065,036	4,191,638
Net cash provided by (used for) noncapital financing activities	4,820,341	4,924,824
<b>Cash flows from capital and related financing activities</b>		
Acquisition and construction of capital assets	(1,405,130)	(2,232,733)
Repayment of project finance agreements	(659,218)	(647,528)
Capital contributions	325,327	155,325
Net cash provided by (used for) capital and related financing activities	(1,739,021)	(2,724,936)
<b>Cash flows from investing activities</b>		
Cash received from sale and maturity of investments	1,749,871	495,897
Acquisition of investments	(1,826,044)	-
Investment earnings (losses)	409,701	(106,257)
Net cash provided by (used for) investing activities	333,528	389,640
Net change in cash and cash equivalents	1,004,257	1,001,185
Cash and cash equivalents, beginning of year	12,985,645	11,984,460
Cash and cash equivalents, end of year	\$ 13,989,902	\$ 12,985,645
<b>Reconciliation of cash equivalents and restricted cash and investments:</b>		
Cash and investments	\$ 13,464,783	\$ 12,985,645
Restricted cash and investments - Section 115 trust	525,119	-
Total cash equivalents and restricted cash and investments	\$ 13,989,902	\$ 12,985,645

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

# Upper San Gabriel Valley Municipal Water District

## Statement of Cash Flows

For the fiscal year ended June 30, 2023

(With summarized comparative data for prior year), (continued)

	2023	2022
Reconciliation of operating loss to net cash provided by (used for) operating activities:		
Operating loss	\$ (4,453,637)	\$ (2,150,378)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:		
Depreciation	1,179,295	1,101,531
(Increase) decrease in assets and deferred outflows of resources:		
Receivables	1,505,848	(1,133,893)
Prepurchased water	(8,157,906)	981,404
Prepaid expenses	70,569	(832)
Deferred outflows of resources	(355,149)	(83,500)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable and accrued liabilities	(1,646,499)	479,438
Unearned revenue	8,775,021	3,375
Compensated absences	3,672	(11,372)
Deferred inflows of resources	(507,856)	1,688,016
Net pension liability	410,629	(1,293,120)
Net OPEB liability	765,422	(1,169,012)
Net cash provided by (used for) operating activities	<u>\$ (2,410,591)</u>	<u>\$ (1,588,343)</u>
<b>Schedule of non-cash operating, noncapital and capital related financing and investing activities</b>		
Fair value adjustment	\$ (49,714)	\$ (155,406)

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



# *Upper San Gabriel Valley Municipal Water District*

## **Notes to Financial Statements** **For the fiscal year ended June 30, 2023**

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### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Description of the entity***

Upper San Gabriel Valley Municipal Water District (Upper District), which comprises an area of approximately 144 square miles, was incorporated on January 7, 1960 under the provisions of the Municipal Water District Law of 1911, as amended, (now cited as "The Municipal Water District Law of 1911", Division 20, California Water Code) as a result of a special election held on December 8, 1959. On March 12, 1963, the voters of Upper District elected to join the Metropolitan Water District of Southern California. On November 2, 1965, the citizens of West Covina voted to join Upper District.

Adjudication proceedings, which established the legal determination of water rights of individual pumpers in the area in relation to the safe yield of the total water basin, were completed on December 29, 1972. The decree established a Watermaster, the Main San Gabriel Basin Watermaster, who took over the function of levying and collecting the assessments that had previously been levied and collected by Upper District through its reimbursement contract and replenishment funds.

Upper District's mission is to consistently meet our region's need for reliable, high quality and affordable water.

#### ***Basis of accounting and measurement focus***

Upper District is considered an enterprise fund for financial reporting purposes. The accompanying financial statements have been prepared using the economic measurement focus and the accrual basis of accounting, in conformity with generally accepted accounting principles (GAAP) and the Uniform Systems of Accounts for Water Utility Districts as prescribed by the Controller of the State of California. Under this basis of accounting and measurement focus, revenues are recognized when they are earned and expenses are recognized when they are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they were levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

#### ***Prior year summarized information***

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

#### ***Net position***

Sometimes Upper District will fund outlays for a particular purpose from both restricted (e.g., grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.



# *Upper San Gabriel Valley Municipal Water District*

## **Notes to Financial Statements** **For the fiscal year ended June 30, 2023**

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### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### ***Net position (continued)***

Net position is categorized as follows:

- *Net investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- *Restricted* – This component of net position consists of constraints placed on resources through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* – This component of net position consists of resources that do not meet the definition of “restricted” or “net investment in capital assets.”

Upper District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an entity's ongoing operations. Upper District defines operating revenues as those realized by Upper District in exchange for providing its primary services for water sales and water programs including conservation and recycled water. Nonoperating revenues are those derived from the investment of cash reserves and from entities other than customers and other ancillary sources.

#### ***Pension***

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Upper District's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's 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.

#### ***Deferred outflows/inflows of resources***

Deferred outflows of resources represent a consumption of net assets that applies to future periods. Deferred inflows of resources represent an acquisition of net assets that applies to future periods. Deferred outflows of resources increase net position, similar to assets, and deferred inflows of resources decrease net position, similar to liabilities.

# *Upper San Gabriel Valley Municipal Water District*

## **Notes to Financial Statements** **For the fiscal year ended June 30, 2023**

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### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### ***Postemployment benefits other than pensions (OPEB)***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the Upper District's OPEB Plan and additions to/deductions from the Plan's 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. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

#### ***Use of estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

#### ***Risk management***

Upper District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters. It is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk-pooling, self-insurance authority, created under the provisions of California Government Code Sections 6500 et. seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

On June 30, 2023, Upper District participated in the self-insurance program of the Insurance Authority as follows:

*Property Loss* – The Insurance Authority has pooled self-insurance up to \$10,000,000 per occurrence and has purchased excess insurance coverage up to \$500,000,000, with deductibles ranging from \$2,500 to \$50,000.

*General, Auto and Public Officials Errors and Omissions Liability* – The Insurance Authority has pooled self-insurance up to \$5,000,000 and has purchased excess insurance coverage up to \$55,000,000.

*Cyber Liability* – The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence subject to a \$5,000,000 aggregate limit.



# Upper San Gabriel Valley Municipal Water District

## Notes to Financial Statements For the fiscal year ended June 30, 2023

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Risk management (continued)***

*Fidelity: Public Employee Dishonesty, Forgery or Alteration, Computer Fraud & ERISA* – The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence, with \$1,000 deductible.

*Workers' Compensation* – The Insurance Authority has pooled self-insurance up to \$2,000,000 each for workers' compensation and employers' liability. The Insurance authority purchases excess coverage up to the statutory limit of \$4,000,000.

There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

#### ***Cash and cash equivalents***

For purposes of the statements of cash flows, cash and cash equivalents have been defined as deposits and highly liquid investments with maturity of 90 days or less at the date of purchase.

#### ***Investments***

Investments are stated at fair value (the value at which financial instruments could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale). 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.

#### ***Capital assets and depreciation***

Capital assets are recorded at cost. If applicable, donated assets are stated at acquisition value on the date donated. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Upper District uses differing capitalization thresholds for the classes of assets based on materiality. Upper District's policy is to review for capitalization those expenditures greater than \$500 that have a useful life of more than one year. Estimated service lives for Upper District's classes of assets are as follows:

Distribution system	50 years
Building	50 years
Building improvements	10 - 15 years
Furniture and equipment	2 - 10 years

# *Upper San Gabriel Valley Municipal Water District*

## **Notes to Financial Statements** **For the fiscal year ended June 30, 2023**

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### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### ***Unearned revenue***

Unearned revenue is water revenue paid by customers, as well as rental revenue paid by a lessee in the current period but is yet to be earned by Upper District.

#### ***Compensated absences***

Upper District's policy is to permit employees to accumulate a limited amount of earned vacation and sick leave. Accumulated vacation time is accrued at year-end to account for Upper District's obligation to the employees for the amount owed. It is management's belief that the majority of the obligation will be utilized during the course of the next fiscal year. Vacation pay is payable to employees at the time a vacation is taken, cashed out, or upon termination of employment. Normally, an employee cannot accrue more than thirty days of vacation each year. Sick leave is payable when an employee is unable to work because of illness. Upon retirement, an employee will be paid for 50% of unused sick leave.

#### ***Overhead absorption***

Certain operating expenses are allocated to capital assets using management's allocation of manpower and service estimates that are directly related to the construction of capital assets.

#### ***Contributions for capital acquisitions/construction***

Contributions for capital acquisitions/construction represent cash and capital asset additions contributed to Upper District by federal, state, and local granting agencies.

#### ***Reclassifications***

Upper District has reclassified certain prior year information to conform to current year presentation, with no effect on net position.

#### ***Budgetary policies***

Upper 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.

#### ***Allowance for doubtful accounts***

Upper District recognizes bad debt expense relating to receivables when it is probable that the accounts will be uncollectible. As of June 30, 2023, all receivables were deemed collectible.



# Upper San Gabriel Valley Municipal Water District

## Notes to Financial Statements For the fiscal year ended June 30, 2023

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Property taxes*

The County bills and collects property taxes on behalf of numerous special districts and incorporated cities, including Upper District. The Upper District's current year tax collection is received through periodic apportionments from the County. The County's tax calendar is from July 1 to June 30. Property taxes attach as a lien on the property on January 1. Taxes are levied on July 1 and are payable in two equal installments on November 1 and February 1, and become delinquent after December 10 and April 10, respectively.

#### *Prepurchased water*

Pre-purchased water consists of groundwater purchased from the Metropolitan Water District and not immediately sold to client agencies. It is valued based upon purchase cost and consumed on a first in first out basis.

### NOTE 2: CASH AND INVESTMENTS

Cash and investments are presented in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 13,464,783
Investments	6,082,968
	<hr/>
Total cash and investments	\$ 19,547,751

Cash and investments as of June 30, 2023 consist of the following:

Imprest cash on hand	\$ 500
Deposits with financial institutions	431,457
Cash with investment broker	1,914
Total cash	<hr/> 433,871
Local Agency Investment Fund <sup>(1)</sup>	13,030,912
Money market mutual funds	122,762
Agency Funds	1,634,446
U.S. Treasury Funds	3,245,850
U.S. Corporate Funds	505,888
Supranational	48,903
Investment in Section 115 trust	525,119
Total investments	<hr/> 19,113,880
Total cash and investments	<hr/> \$ 19,547,751

<sup>(1)</sup> Upper District is a voluntary participant in the Local Agency Investment Fund (LAIF), a special fund regulated by the California State Treasury through which each city, district or agency may invest up to \$75 million. As of June 30, 2023, the total fair value of LAIF, including accrued interest was approximately \$177 billion. Upper District's proportionate share of that value is \$13.0 million as of June 30, 2023. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. LAIF has a minimum \$5,000 transaction amount in increments of \$1,000 with a maximum of 15 transactions (combination of deposits and withdrawals) per month. LAIF requires a one-day prior notice for deposits and withdrawals of \$10 million or more. As regards to credit rating, LAIF is unrated as of June 30, 2023.



# Upper San Gabriel Valley Municipal Water District

## Notes to Financial Statements For the fiscal year ended June 30, 2023

### NOTE 2: CASH AND INVESTMENTS (CONTINUED)

#### *Investment policy*

The Upper District's investment policy outlines the guidelines required to be used in effectively managing Upper District's available cash in accordance with the California Government Code. To address interest rate risk, the Upper District's existing policy limits the maturity of investments to five years, with the exception of special trust funds which shall not be subject to this limitation. To mitigate credit risks associated with its investments, the Upper District's investment policy limits investments to large institutions and requires diversification to ensure that failure of one issuer will not significantly affect the Upper District's cash flow.

#### *Interest rate risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Upper District's investments in LAIF have a weighted average maturity of 260 days, generally consistent with its cash flow and liquidity needs. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest.

Information about the sensitivity of the fair values of the Upper District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Upper District's investments by maturity.

Maturities of investments as of June 30, 2023, were as follows:

Investment Type (including LAIF)	Total	Remaining maturing (in months)			
		12 Months or Less	13 to 36 Months	37 to 60 Months	More than 60 Months
Local Agency Investment Fund	\$ 13,030,912	\$ 13,030,912	\$ -	\$ -	\$ -
Money market mutual funds	122,762	122,762	-	-	-
Agency funds	1,634,446	828,097	806,349	-	-
U.S. Treasury funds	3,245,850	1,069,910	2,175,940	-	-
U.S. Corporate funds	505,888	243,786	262,102	-	-
Supranational	48,903	-	48,903	-	-
Total	<u>\$ 18,588,761</u>	<u>\$ 15,295,467</u>	<u>\$ 3,293,294</u>	<u>\$ -</u>	<u>\$ -</u>

#### *Concentration of credit risk*

A concentration of credit risk is the risk of loss attributable to the magnitude of the Upper District's investment in a single issuer. The Upper District's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2023, there were no investments in any one issuer (other than U.S. Treasury securities, agency funds, corporate funds, and external investment pools) that represent 5% or more of total Upper District investments.

# *Upper San Gabriel Valley Municipal Water District*

## **Notes to Financial Statements For the fiscal year ended June 30, 2023**

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### **NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

#### ***Custodial credit risk***

Custodial credit risk is the risk that the Upper District will not be able to (a) recover deposits if the depositor financial institution fails, or (b) recover the value of investments or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails.

#### ***Deposits***

The California Government Code requires California banks and savings and loan associations to secure a local governmental agency's (agency) deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150% of an agency's total deposits. The agency may waive collateral requirements for deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

Deposits are exposed to custodial credit risk if they are uninsured and are either:

- a. Uncollateralized;
- b. Collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the depositor-government's name.

As of June 30, 2023, Upper District's deposits (bank balances) exceeded the maximum deposit insurance amount by \$298,565, which is collateralized as described above.

#### ***Investments***

The California Government Code authorizes Upper District to invest in obligations of the United States Treasury, agencies, and instrumentalities; prime commercial paper; bankers' acceptances; repurchase and reverse repurchase agreements; financial futures or financial option contracts; negotiable certificates of deposit; obligations of the State of California; and obligations of local agencies within California.

Investments are exposed to custodial credit risk if they are uninsured, unregistered and held by either:

- a. Counterparty;
- b. The counterparty's trust department or agent but not in the government's name.



## Upper San Gabriel Valley Municipal Water District

### Notes to Financial Statements For the fiscal year ended June 30, 2023

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#### NOTE 2: CASH AND INVESTMENTS (CONTINUED)

##### *Credit risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Upper District's investment policy limits eligible investments to large institutions. As of June 30, 2023, Upper District had the majority of its investments in LAIF.

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 actual rating as of year-end for each investment type.

Credit ratings of investments as of June 30, 2023, were as follows:

Investment Type (including LAIF)	Total	Minimum legal rating	Standard & Poor's Rating as of year end
Local Agency Investment Fund	\$ 13,030,912	N/A	Unrated
Investments:			
Money market mutual funds	122,762	A	AAA
Agency funds	1,634,446	N/A	AA+
U.S. Corporate funds	505,888	N/A	A+
Supranational	48,903	AA	AAA
Subtotal	15,342,911		
U.S. Treasury funds	3,245,850		
Total	\$ 18,588,761		

#### NOTE 3: FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Upper District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs, while Level 3 inputs are significant unobservable inputs;

- Level 1 inputs are quoted prices for identical assets or liabilities in active markets that government can access at the measurement date.



## Upper San Gabriel Valley Municipal Water District

### Notes to Financial Statements For the fiscal year ended June 30, 2023

#### NOTE 3: FAIR VALUE MEASUREMENTS (CONTINUED)

- Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive market; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 inputs are unobservable inputs for an asset or liability.

The following table represent the Upper District's fair value hierarchy for its financial assets measured at fair value on a recurring basis:

Investment by fair value level	Fair value measurement using			
	Total	Level 1	Level 2	Level 3
Agency funds	\$ 1,634,446	\$ -	\$ 1,634,446	\$ -
U.S. Treasury funds	3,245,850	-	3,245,850	-
U.S. Corporate funds	505,888	-	505,888	-
Supranational	48,903	-	48,903	-
	5,435,087	\$ -	\$ 5,435,087	\$ -
Investments not subject to fair value measurements:				
LAIF	13,030,912			
Money market mutual funds	122,762			
Total investments	\$ 18,588,761			

Upper District's investments in LAIF as of June 30, 2023 are reported at the Upper District's pro-rata share of the amortized cost provided by LAIF for the entire portfolio.

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# Upper San Gabriel Valley Municipal Water District

## Notes to Financial Statements For the fiscal year ended June 30, 2023

### NOTE 4: CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2023 were as follows:

	Beginning balance	Increases	Decreases	Transfers	Ending balance
Capital assets, not being depreciated					
Intangible utility plant	\$ 656,874	\$ -	\$ -	\$ -	\$ 656,874
Construction in progress	11,098,330	1,367,879	-	(3,889,714)	8,576,495
Total capital assets, not being depreciated	11,755,204	1,367,879	-	(3,889,714)	9,233,369
Capital assets, being depreciated:					
Buildings and improvements	3,548,056	3,889,714	-	-	7,437,770
Water recycling	52,105,171	-	-	-	52,105,171
Furniture and equipment	440,979	37,251	(274,666)	-	203,564
Other	116,490	-	(95,526)	-	20,964
Total capital assets, being depreciated	56,210,696	3,926,965	(370,192)	-	59,767,469
Less accumulated depreciation for:					
Buildings and improvements	-	(86,774)	-	-	(86,774)
Water recycling	(11,650,222)	(1,072,636)	-	-	(12,722,858)
Furniture and equipment	(408,990)	(17,442)	273,706	-	(152,726)
Other	(107,691)	(2,443)	89,170	-	(20,964)
Total accumulated depreciation	(12,166,903)	(1,179,295)	362,876	-	(12,983,322)
Total capital assets being depreciated, net	44,043,793	2,747,670	(7,316)	-	46,784,147
Total capital assets, net	\$ 55,798,997	\$ 4,115,549	\$ (7,316)	\$ (3,889,714)	\$ 56,017,516

Major capital asset additions during the year include work on various stages of construction projects. A significant portion of these additions were constructed by the Upper District and/or subcontractors.

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# Upper San Gabriel Valley Municipal Water District

## Notes to Financial Statements For the fiscal year ended June 30, 2023

### NOTE 5: LEASE RECEIVABLE

On February 10, 2022, Upper District entered into a 5-year lease as lessor for the use of an office space. The agreement, which was amended on November 30, 2022 to have a commencement date of December 1, 2022, allows for additional one-year term extensions. A lease receivable in the amount of \$142,398 was initially recorded. As of June 30, 2023, the value of this receivable is \$129,693. The lease has an interest rate of 3.12% and requires the lessee to make fixed monthly payments of \$2,166. Upper District recognized lease revenue of \$13,844 during the fiscal year. The value of the related deferred inflow of resources as of June 30, 2023 was \$128,554. The lessee's future payment requirements are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 22,325	\$ 3,663	\$ 25,988
2025	23,032	2,956	25,988
2026	23,761	2,227	25,988
2027	24,514	1,474	25,988
2028	25,290	698	25,988
2029	8,607	56	8,663
	<u>\$ 127,529</u>	<u>\$ 11,074</u>	<u>\$ 138,603</u>

Lease activity for the year ended June 30, 2023 is summarized as follows:

	Balance as of July 1, 2022	Additions	Reductions	Balance as of June 30, 2023
<b>Deferred Inflow of Resources</b>				
Office Lease	<u>\$ -</u>	<u>\$ 142,398</u>	<u>\$ 13,844</u>	<u>\$ 128,554</u>
<b>Lease Receivable</b>				
Office Lease	<u>\$ -</u>	<u>\$ 142,398</u>	<u>\$ 12,705</u>	<u>\$ 129,693</u>

### NOTE 6: COMPENSATED ABSENCES

Changes in compensated absences for the year ended June 30, 2023 were as follows:

Balance at beginning of year	\$ 80,056
Earned by employees	73,226
Taken by/paid to employees	<u>(69,554)</u>
Balance at end of year	83,728
Less current portion	<u>43,034</u>
Long-term portion	<u>\$ 40,694</u>



## Upper San Gabriel Valley Municipal Water District

### Notes to Financial Statements For the fiscal year ended June 30, 2023

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#### NOTE 7: AGREEMENTS WITH STATE WATER RESOURCES CONTROL BOARD

##### *Project finance agreements (direct borrowing)*

In December 2009, Upper District entered into four (4) project finance agreements with the California State Water Resources Control Board (CSWRCB) for a total amount of \$17.02 million for the purpose of financing the planning, design, acquisition, construction, and installation of the Water Recycling Pipeline and Pump Station Project Phase IIB. Principal payments range from \$75,541 to \$527,409 varying by loan. These project funds shall be repaid in annual installments commencing on the date that is one year after completion of construction and payable up to 21 years at zero interest rate. In addition, the Upper District has pledged all net revenues for repayment of the debt. As of June 30, 2023, Upper District has drawn down a total of \$13,171,937 under this agreement. Construction activities funded by the CSWRCB loans were completed as of June 30, 2013.

Balance at the beginning of year	\$ 7,313,702
Principal payments	(659,218)
Balance at end of year	6,654,484
Less short-term portion	(671,116)
Long-term portion	<u>\$ 5,983,368</u>

Amounts due under the agreements, which include imputed interest, are as follows:

<u>Fiscal year ending June 30,</u>	<u>Amount</u>
2024	\$ 791,232
2025	791,232
2026	791,232
2027	791,232
2028	791,232
2029-2032	<u>3,327,254</u>
Total	<u>\$ 7,283,414</u>

Upper District repaid \$791,232 during the year ended June 30, 2023, of which \$659,218 is related to principal payments and \$132,014 is related to imputed interest.

In the event of a termination, Upper District has agreed, upon demand, to immediately repay to the State Water Board an amount equal to installment payments due hereunder, including accrued interest, and all penalty assessments due. In the event of termination, interest shall accrue on all amounts due at the highest legal rate of interest from the date that notice of termination is mailed to the Upper District to the date of full repayment by the Upper District.

## *Upper San Gabriel Valley Municipal Water District*

### **Notes to Financial Statements** **For the fiscal year ended June 30, 2023**

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#### **NOTE 8: DEFINED BENEFIT PENSION PLAN**

##### ***General information about the 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 individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District sponsors a cost sharing multiple employer defined benefit pension plan. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

###### *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 5 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.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures, and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.



## Upper San Gabriel Valley Municipal Water District

### Notes to Financial Statements For the fiscal year ended June 30, 2023

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#### NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

The Plan's provisions and benefits in effect as of June 30, 2023 are summarized as follows:

	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensations	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates (reporting period)	8.00%	7.50%
Required employer contribution rates (reporting period)	15.90%	8.19%

#### *Contributions*

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2023 were \$357,339. The actual employer payments of \$1,322,497 made to CalPERS by the District during the measurement period ended June 30, 2022 differed from the District's proportionate share of the employer's contributions of \$518,378 by \$804,119, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

#### *Net Pension Liability*

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.



# Upper San Gabriel Valley Municipal Water District

## Notes to Financial Statements For the fiscal year ended June 30, 2023

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### NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *Actuarial methods and assumptions used to determine Total Pension Liability*

The collective total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The collective total pension liability was based on the following assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal Cost Method
Asset Valuation Method:	Fair Value of Assets
Discount Rate	6.90%
Inflation	2.30%
Salary Increase	Varies by Entry Age and Service
Mortality Rate Table <sup>1</sup>	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until purchasing power protection allowance floor on purchasing power applies, 2.30% thereafter

<sup>1</sup> The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

#### *Long-term expected rate of return*

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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

## Upper San Gabriel Valley Municipal Water District

### Notes to Financial Statements For the fiscal year ended June 30, 2023

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#### NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return <sup>1,2</sup>
Global equity - cap-weighted	30.00%	4.54%
Global equity - non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)
Total	100.0%	

<sup>1</sup> An expected inflation of 2.30% used for this period

<sup>2</sup> Figures are based on the 2021 Asset Liability Management Study

#### *Change of assumptions*

Effective with the June 30, 2021, valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

#### *Discount rate*

The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.



## *Upper San Gabriel Valley Municipal Water District*

### **Notes to Financial Statements** **For the fiscal year ended June 30, 2023**

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#### **NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

##### *Subsequent events*

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

##### *Pension Plan Fiduciary Net Position*

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov). The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.



# Upper San Gabriel Valley Municipal Water District

## Notes to Financial Statements For the fiscal year ended June 30, 2023

### NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *Proportionate share of Net Pension Liability*

The following table shows the Plan's proportionate share of the net pension liability over the measurement period.

	Increase (Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Plan Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
Balance at: 6/30/2021 (VD)	\$ 11,441,708	\$ 9,858,502	\$ 1,583,206
Balance at: 6/30/2022 (MD)	12,342,272	9,993,644	2,348,628
Net change during 2021-22	900,564	135,142	765,422
Valuation Date (VD), Measurement Date (MD)			

The District's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

The District's proportionate share of the net pension liability for the Plan (miscellaneous) as of the June 30, 2021 and 2022 measurement dates was as follows:

Proportion share of NPL - MD June 30, 2021	0.08338%
Proportion share of NPL - MD June 30, 2022	0.05019%
Change - Increase (Decrease)	(0.03319%)

#### *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 of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.9%)	Discount Rate + 1% (7.90%)
Miscellaneous Plan's Net Pension Liability	\$ 4,031,103	\$ 2,348,628	\$ 964,370

# Upper San Gabriel Valley Municipal Water District

## Notes to Financial Statements For the fiscal year ended June 30, 2023

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### NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *Amortization of deferred outflows and deferred inflows of resources*

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expenses.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
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All other amounts	Straight-line amortization over the average expected remaining services lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period
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The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2022 is 3.7 years, which was obtained by dividing the total service years of 574,665 (the sum of remaining service lifetimes of the active employees) by 153,587 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

#### ***Pension expense and deferred outflows and deferred inflows of resources related to pensions***

As of the start of the measurement period (July 1, 2021), the District's net pension liability was \$1,583,206. For the measurement period ending June 30, 2022 (the measurement date), the District incurred a pension expense of \$588,666.

## Upper San Gabriel Valley Municipal Water District

### Notes to Financial Statements For the fiscal year ended June 30, 2023

#### NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

As of June 30, 2023, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 47,165	\$ 31,589
Changes in assumptions	240,666	-
Difference between projected and actual investment earnings	430,207	-
Difference between employer's contribution and proportionate share of contributions	586,789	33,855
Change in employer's proportion	19,670	978,134
Pension contributions made subsequent to measurement date	357,339	-
Totals	<u>\$ 1,681,836</u>	<u>\$ 1,043,578</u>

The amounts above are net of outflows and inflows recognized in the 2022-23 measurement period expense. Contributions subsequent to the measurement date of \$357,339 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal year ended June 30,	Deferred outflows/(inflows) of resources, net
2024	\$ 28,239
2025	3,591
2026	(14,039)
2027	263,128
2028	-
Thereafter	-

#### ***Payable to the pension plan***

As of June 30, 2023, the District reported a payable of \$18,991 for the outstanding amount of contributions to the pension plan required for the year then ended.



# *Upper San Gabriel Valley Municipal Water District*

## **Notes to Financial Statements** **For the fiscal year ended June 30, 2023**

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### **NOTE 9: DEFERRED COMPENSATION AGREEMENT**

Upper District offers its employees a deferred compensation plan (DC Plan) created in accordance with Internal Revenue Code Section 457. The DC Plan, available to all of the Upper District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency.

All amounts of compensation deferred under the DC Plan are held in trust, not controlled by the District and are not subject to the creditors of the Upper District. Accordingly, the assets and liabilities of the DC Plan are not reflected in these financial statements in accordance with GASBS 84.

### **NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

#### ***General information about the OPEB Plan***

##### *Plan description*

Upper District has an agent multiple employer defined benefit plan administered by CalPERS through an irrevocable trust, the California Employer's Retiree Benefit Trust (CERBT). The CalPERS Board of Administration has sole and exclusive control and power over the administration and investment of the CERBT. The plan itself does not issue a separate set of financial statements. The CERBT plan does issue a separate set of financial statements that can be obtained from the CalPERS website.

Upper District's postemployment healthcare benefits provided to certain qualified employees, directors and their dependents based on resolutions by the Board of Directors are as follows:

- A Health & Accident and Major Medical Payments Insurance Policy, as selected and approved by the Board.
- A combined maximum of up to \$12,000 per calendar year, depending on date of hire and applicable plan, for retirees and their dependents for medical costs not covered by the insurance policy above and for eligible costs of dental, vision and/or hearing.

These benefits are provided to each retired employee, hired full-time before July 1, 2021, who has served the Upper District for more than ten years before terminating employment at age 55 years or older and each retired director who served in office after January 1, 1981, was elected to the board prior to January 1, 1995, has served not less than twelve years or three full terms of office and has attained the age of 50 years.

Officers and full-time employees who began service with the Upper District, on or after July 1, 2021, and has served the Upper District continuously for a period of ten (10) years or more and is either (a) deceased while employed full-time with the Upper District, or (b) has reached the normal retirement age set by CalPERS while employed full-time with Upper District, but has not yet attained the age of 65 years or eligibility for Medicare (Medicare Age) shall receive the same or equivalent medical benefits to that offered to active employees of the same tier.

## Upper San Gabriel Valley Municipal Water District

### Notes to Financial Statements For the fiscal year ended June 30, 2023

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#### NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

##### *Employees covered by benefit terms*

As of June 30, 2021 (valuation date), the following employees were covered by the benefit terms of the Plan:

Category	Count
Active employees	11
Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefit payments	-
<b>Total</b>	<b>17</b>

##### *Contributions and funding policy*

The contribution requirements of plan members and the Upper District are established and may be amended by the Board of Directors. In March 2014, the Board of Directors authorized the execution of the prefunding agreement with the CERBT and fully funding the annual required contributions (contractually determined) for OPEB.

During fiscal year ended June 30, 2023, Upper District contributed \$155,240 to the Plan. As the measurement date of June 30, 2022, the Trust account balance was \$2,171,188. The Trust assets are dedicated to providing benefits to retirees and are legally protected from the creditors of the Upper District and the plan members. The Trust assets are not reported in the Upper District's financial statements.

##### ***Net OPEB Liability***

Upper District's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

##### *Actuarial assumptions*

This valuation assumes that the Upper District will fund the Plan on an ad hoc basis, in an amount sufficient to fully fund the obligation over a period not to exceed 30 years. The Normal Cost is the portion of the Actuarial Present Value of benefits allocated to a valuation year. The UAAL is the excess of the Entry Age Normal Actuarial Accrued Liability over the Market Value of Assets.



## Upper San Gabriel Valley Municipal Water District

### Notes to Financial Statements For the fiscal year ended June 30, 2023

#### NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

The total OPEB liability for the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

**Actuarial Assumptions:**

Actuarial cost method	Entry age actuarial cost method
Asset valuation method	Fair value of assets
Inflation	2.50%
Salary Increases	2.75% per year
Investment Rate of Return	6.75% per year of net expenses; based on assumed long-term return on plan assets assuming 100% funding through CERBT using the Building Block Method
Healthcare cost trend rates	4.00% per year
Mortality rates	Based on 2017 CalPERS mortality for miscellaneous and schools employees

The valuation used historic 30-year real rates of return for each class along with the assumed long-term inflation assumption to set the discount rate. It offsets the expected investment return by investment expenses of 25 basis points. Following is the assumed asset allocation and assumed rate of return for each asset class:

Asset Class	Percentage of Portfolio	Assumed Growth Return
All Equities	59%	7.5450%
All Fixed income	25%	4.2500%
Real estate investment trusts	8%	7.2500%
All Commodities	3%	7.5450%
Treasury Inflation Protected Securities (TIPS)	5%	3.0000%
Total	100%	

*Discount rate*

The discount rate used to measure the total OPEB liability was 6.75%. This assumes that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. The rate is based on the real rate of return expected for plan assets plans plus long-term inflation assumption.

*Change in assumptions*

There were no assumption changes since the prior measurement date.



# Upper San Gabriel Valley Municipal Water District

## Notes to Financial Statements For the fiscal year ended June 30, 2023

### NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

#### Change in the Net OPEB Liability

	Increases (Decreases)		Net OPEB
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2022 (Measurement Date June 30, 2021)	\$ 2,608,408	\$ 2,405,067	\$ 203,341
Changes for the year:			
Service cost	86,658	-	86,658
Interest on the Total OPEB Liability	176,090	-	176,090
Investment gains and losses	-	(321,928)	321,928
Contributions - employer	-	209,650	(209,650)
Benefit payments	(120,992)	(120,992)	-
Administrative expenses	-	(609)	609
Experience gains/losses	34,994	-	34,994
Net Changes	176,750	(233,879)	410,629
Balance at June 30, 2023 (Measurement Date June 30, 2022)	\$ 2,785,158	\$ 2,171,188	\$ 613,970

#### Sensitivity of the net OPEB liability to changes in the discount rate

The net OPEB liability of the Upper District, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) follows:

	Discount rate 1% Lower	Valuation Discount Rate	Discount rate 1% Higher
Net OPEB Liability	\$ 951,099	\$ 613,970	\$ 333,557
	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Net OPEB Liability	\$ 268,729	\$ 613,970	\$ 1,038,089

## Upper San Gabriel Valley Municipal Water District

### Notes to Financial Statements For the fiscal year ended June 30, 2023

#### NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

##### *OPEB expense and deferred inflows and outflows of resources related to OPEB*

For the year ended June 30, 2023, Upper District recognized OPEB expense of \$108,404 with details as follows:

	Total
Service cost	\$ 86,658
Interest cost	176,090
Expected return in assets	(165,314)
Administration expense	609
Recognition of experience (gain)/loss deferrals	(67,960)
Recognition of assumption change deferrals	10,332
Recognition of investment (gain)/loss deferrals	67,989
Employee contributions	-
Total OPEB Expense	<u>\$ 108,404</u>

As of June 30, 2023, Upper District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
OPEB contributions subsequent to measurement date	\$ 155,240	\$ -
Changes in assumptions	65,085	
Experience gains/losses	-	345,891
Investment gains/losses	291,089	-
Total	<u>\$ 511,414</u>	<u>\$ 345,891</u>

The \$155,240 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the upcoming fiscal year. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as follows:

Fiscal year ended June 30:	Deferred outflows/(inflows) of resources
2024	\$ 10,687
2025	8,736
2026	1,336
2027	39,818
2028	(32,813)
Thereafter	(17,481)

## *Upper San Gabriel Valley Municipal Water District*

### **Notes to Financial Statements For the fiscal year ended June 30, 2023**

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#### **NOTE 11: COMMITMENTS AND CONTINGENCIES**

##### ***Short-term lease***

On July 25, 2018, the lease was amended providing the Upper District an ongoing right to terminate the lease on or after August 1, 2018 with twelve (12) months prior written notice to the lessor. During the current fiscal year, Upper District terminated the lease and incurred rental expense of \$103,755 for the year ended June 30, 2023.

##### ***Grant awards***

Upper District has received funds for specific purposes that are subject to review and audit by the grantors. Although such audits could generate expenditure disallowances under terms of the grants or contracts, management believes that any required reimbursements will not be material.

##### ***Litigation***

Legal claims and lawsuits arise from time to time in the normal course of business, which, in the opinion of management, will have no material effect on the Upper District's financial position.

##### ***Construction activities***

Upper District has a variety of agreements with private contractors relating to the construction of water recycling projects. Upper District has no commitments from open construction contracts as of June 30, 2023.



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## Required Supplementary Information

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## Upper San Gabriel Valley Municipal Water District

### Schedule of the District's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date Last 10 Years\*

Measurement date	Employer's proportion of the collective net pension liability (asset)	Employer's proportionate share of the collective net pension liability <sup>1</sup>	Covered payroll	Employer's proportionate share of the collective net pension liability as a percentage of the employer's covered payroll	Pension plan's fiduciary net position as a percentage of the total pension liability
June 30, 2014	0.020400%	\$ 1,269,653	\$ 1,087,130	116.79%	83.23%
June 30, 2015	0.022304%	1,528,941	1,188,341	128.66%	79.89%
June 30, 2016	0.023155%	2,003,628	1,191,276	168.19%	75.87%
June 30, 2017	0.023753%	2,355,668	943,618	249.64%	75.44%
June 30, 2018	0.024108%	2,323,090	1,127,628	206.02%	75.50%
June 30, 2019	0.024778%	2,539,000	1,310,022	193.81%	74.39%
June 30, 2020	0.025300%	2,752,218	1,423,225	193.38%	74.39%
June 30, 2021	0.029270%	1,583,206	1,361,709	116.27%	86.16%
June 30, 2022	0.020330%	2,348,628	1,179,439	199.13%	80.97%

<sup>1</sup> Proportion of the collective net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

\* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

## Upper San Gabriel Valley Municipal Water District

### Schedule of Pension Plan Contributions Last 10 Years\*

Fiscal year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	\$ 204,555	\$ (708,613)	\$ (504,058)	\$ 1,188,341	59.63%
June 30, 2016	228,626	(228,626)	-	1,191,276	19.19%
June 30, 2017	203,040	(203,040)	-	943,618	21.52%
June 30, 2018	217,448	(217,448)	-	1,127,628	19.28%
June 30, 2019	270,063	(270,063)	-	1,310,122	20.61%
June 30, 2020	313,575	(313,575)	-	1,423,225	22.03%
June 30, 2021	332,348	(332,348)	-	1,361,709	24.41%
June 30, 2022	1,322,497	(322,497)	1,000,000	1,179,439	112.13%
June 30, 2023	357,339	(357,339)	-	1,191,332	29.99%

#### Notes to Schedule:

*Change in benefit terms:* There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

*Changes in Assumptions:* Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

\* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

# Upper San Gabriel Valley Municipal Water District

## Schedule of Changes in the Net OPEB Liability and Related Ratios Last 10 Years\*

Measurement date	2017	2018	2019	2020	2021	2022
<b>Total OPEB Liability</b>						
Service cost	\$ 52,554	\$ 53,999	\$ 55,484	\$ 77,388	\$ 79,516	\$ 86,658
Interest on the Total OPEB Liability	171,159	177,712	183,972	171,028	184,605	176,090
Actual and expected experience difference	-	-	-	-	-	-
Experience gains/losses	-	-	(307,813)	-	(222,423)	34,994
Changes in assumptions	-	-	-	-	85,749	-
Expected less actual benefit payments	-	-	-	4,851	(38,244)	-
Benefit payments	(120,998)	(142,099)	(143,959)	(115,900)	(78,249)	(120,992)
<b>Net change in Total OPEB Liability</b>	<b>102,715</b>	<b>89,612</b>	<b>(212,316)</b>	<b>137,367</b>	<b>10,954</b>	<b>176,750</b>
<b>Total OPEB Liability - beginning</b>	<b>2,480,076</b>	<b>2,582,791</b>	<b>2,672,403</b>	<b>2,460,087</b>	<b>2,597,454</b>	<b>2,608,408</b>
<b>Total OPEB Liability - ending (a)</b>	<b>2,582,791</b>	<b>2,672,403</b>	<b>2,460,087</b>	<b>2,597,454</b>	<b>2,608,408</b>	<b>2,785,158</b>
<b>Plan Fiduciary Net Position</b>						
Contribution - employer	433,842	261,275	247,902	226,843	1,078,249	209,650
Net investment income	43,890	46,053	58,540	33,812	304,496	(321,928)
Investment gains and losses	-	1,650	(9,766)	-	-	-
Benefit payments	(120,998)	(142,099)	(104,446)	(115,900)	(78,249)	(120,992)
Administrative expense	(232)	(1,112)	(164)	(468)	(422)	(609)
<b>Net change in Plan Fiduciary Net Position</b>	<b>356,502</b>	<b>165,767</b>	<b>192,066</b>	<b>144,287</b>	<b>1,304,074</b>	<b>(233,879)</b>
<b>Plan Fiduciary Net Position - beginning</b>	<b>242,371</b>	<b>598,873</b>	<b>764,640</b>	<b>956,706</b>	<b>1,100,993</b>	<b>2,405,067</b>
<b>Plan Fiduciary Net Position - ending (b)</b>	<b>598,873</b>	<b>764,640</b>	<b>956,706</b>	<b>1,100,993</b>	<b>2,405,067</b>	<b>2,171,188</b>
<b>Net OPEB Liability - ending (a) - (b)</b>	<b>\$ 1,983,918</b>	<b>\$ 1,907,763</b>	<b>\$ 1,503,381</b>	<b>\$ 1,496,461</b>	<b>\$ 203,341</b>	<b>\$ 613,970</b>
Plan fiduciary net position as a percentage of the total OPEB liability	23.19%	28.61%	38.89%	42.39%	92.20%	77.96%
Covered-employee payroll <sup>1</sup>	\$ 1,107,374	\$ 1,294,561	\$ 1,366,231	\$ 1,449,600	\$ 1,077,504	\$ 1,465,990
Net OPEB liability as a percentage of covered-employee payroll <sup>1</sup>	179.16%	147.37%	110.04%	103.23%	18.87%	41.88%

<sup>1</sup> Contributions to the OPEB plan are not based on a measure of pay.



# Upper San Gabriel Valley Municipal Water District

## Schedule of OPEB Plan Contributions Last 10 Years\*

Fiscal year	Contractually determined contribution	Contributions in relation to the contractually determined contribution	Contribution deficiency (excess)	Covered- employee payroll <sup>1</sup>	Contributions as a percentage of employee covered payroll
June 30, 2018	\$ 120,856	\$ (240,032)	\$ (119,176)	\$ 1,294,561	18.54%
June 30, 2019	104,446	(247,902)	(143,456)	1,366,231	18.14%
June 30, 2020	226,843	(226,843)	-	1,449,600	15.65%
June 30, 2021	230,663	(1,078,249)	(847,586)	1,077,504	100.07%
June 30, 2022	107,828	(209,650)	(101,822)	1,465,990	14.30%
June 30, 2023	155,391	(155,240)	151	1,356,363	11.45%

<sup>1</sup> Contributions to the OPEB plan are not based on a measure of pay.

### Notes to schedule:

Actuarial methods and assumptions used to set actuarially determined contributions for fiscal year 2023 were from the June 30, 2021 actuarial valuation.

### Methods and assumptions used to determine contributions:

Actuarial cost method	Entry age actuarial cost method
Amortization methodology	Straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits as of the beginning of the Measurement Period. In determining the EARSL, all active, retired, and inactive (vested) members are counted, with the latter two groups having 0 remaining service years
Asset valuation method	Market value of assets
Inflation	2.50%
Payroll growth	2.75% per year
Investment rate of return	6.75% per year of net expenses
Healthcare trend	4.0% per year
Retirement age	Hired 2013 and later: 2017 CalPERS 2.0%@62 rates for Miscellaneous Employees; Hired 2012 and earlier: 2017 CalPERS 2.7%@55 rates for Miscellaneous Employees
Mortality	2017 CalPERS Mortality for Miscellaneous and Schools Employees

\* Historical information is required only for measurement periods for which it is applicable. Future years' information will be displayed up to 10 years as information becomes available.

**Statistical Section  
(Unaudited)**

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# *Upper San Gabriel Valley Municipal Water District*

## **Statistical Section**

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

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# Upper San Gabriel Valley Municipal Water District

## Changes in Net Position Last Ten Fiscal Years (Unaudited) (In Thousands)

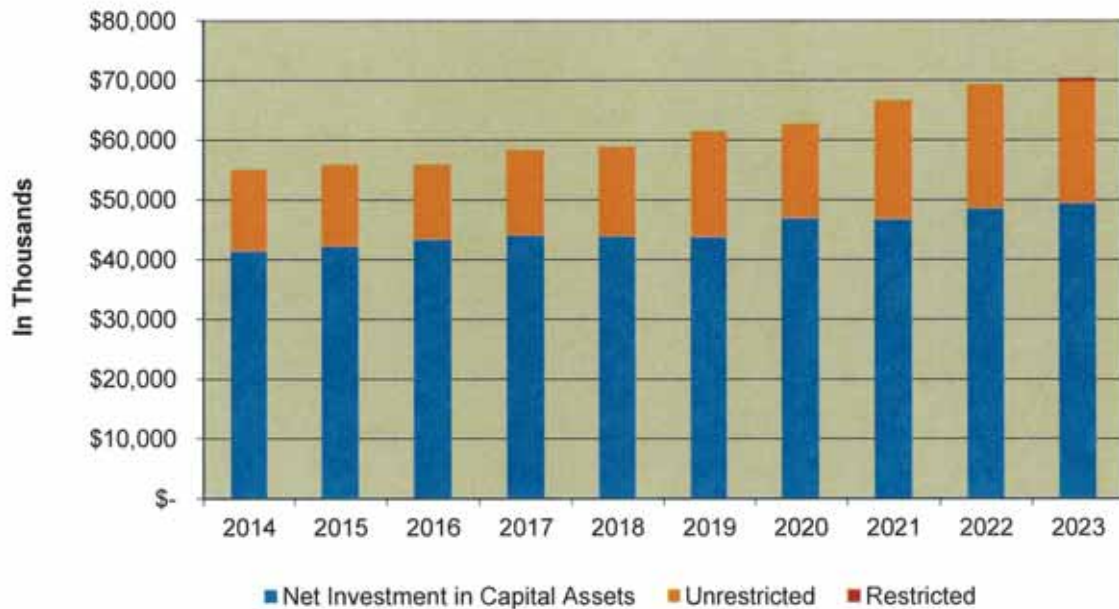
	Fiscal Year Ended June 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Changes in net position:										
Operating revenues	\$ 26,691	\$ 37,928	\$ 20,800	\$ 38,154	\$ 22,671	\$ 38,384	\$ 33,388	\$ 55,854	\$ 48,840	\$ 46,295
Operating expenses	(29,801)	(39,849)	(23,770)	(39,557)	(26,900)	(39,515)	(36,290)	(56,057)	(49,888)	(49,569)
Depreciation and amortization	(1,068)	(1,072)	(1,121)	(1,100)	(1,090)	(1,111)	(1,102)	(1,107)	(1,102)	(1,179)
<b>Operating income (loss)</b>	<b>(4,178)</b>	<b>(2,993)</b>	<b>(4,091)</b>	<b>(2,503)</b>	<b>(5,319)</b>	<b>(2,242)</b>	<b>(4,004)</b>	<b>(1,310)</b>	<b>(2,150)</b>	<b>(4,453)</b>
Nonoperating revenues (expenses)										
Standby charges	3,584	3,623	3,541	3,576	3,541	3,648	4,047	4,244	4,192	4,065
Nonoperating program expenses	(524)	(592)	(168)	29	29	-	-	-	-	-
Investment earnings	32	66	91	48	132	422	353	55	(258)	376
Taxes	416	372	441	546	586	613	724	709	733	755
Gain on sale of property and equipment					1,427	-	4	-	-	(7)
Change in fair value of investments	3	2	-	-	-	-	-	-	-	-
<b>Net nonoperating revenues (expenses)</b>	<b>3,511</b>	<b>3,471</b>	<b>3,905</b>	<b>4,199</b>	<b>5,715</b>	<b>4,683</b>	<b>5,128</b>	<b>5,008</b>	<b>4,667</b>	<b>5,189</b>
<b>Net income (loss) before capital contributions</b>	<b>(667)</b>	<b>478</b>	<b>(186)</b>	<b>1,696</b>	<b>396</b>	<b>2,441</b>	<b>1,124</b>	<b>3,698</b>	<b>2,517</b>	<b>736</b>
Contributions for capital acquisition/construction	349	348	208	685	1,329	186	121	249	155	325
<b>Changes in net position</b>	<b>\$ (318)</b>	<b>\$ 826</b>	<b>\$ 22</b>	<b>\$ 2,381</b>	<b>\$ 1,725</b>	<b>\$ 2,627</b>	<b>\$ 1,245</b>	<b>\$ 3,947</b>	<b>\$ 2,672</b>	<b>\$ 1,061</b>

Source: Finance and Administration Department

## Upper San Gabriel Valley Municipal Water District

### Net Position by Component Last Ten Fiscal Years (Unaudited) (In Thousands)

June 30	Net Investment in Capital Assets		Restricted	Unrestricted	Total
2014	\$	41,349	\$ -	\$ 13,667	\$ 55,016
2015		42,128	-	13,714	55,842
2016		43,278	-	12,587	55,865
2017		44,009	-	14,237	58,246
2018		43,847	-	14,872	58,719
2019		43,768	-	17,578	61,346
2020		46,885	-	15,706	62,591
2021		46,707	-	19,831	66,538
2022		48,485	-	20,725	69,210
2023		49,363	525	20,382	70,270



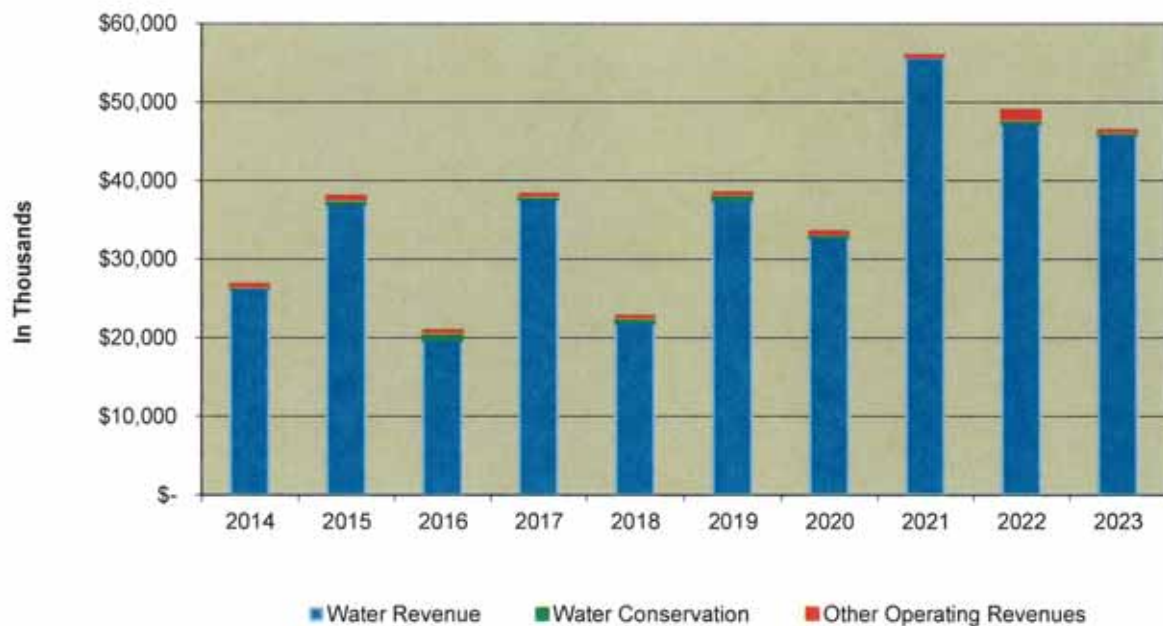
Source: Finance and Administration Department



## Upper San Gabriel Valley Municipal Water District

### Operating Revenues by Major Source Last Ten Fiscal Years (Unaudited) (In Thousands)

Fiscal Year Ended June 30	Water Revenue	Water Conservation	Other Operating Revenues	Total Operating Revenues
2014	\$ 26,259	\$ 245	\$ 187	\$ 26,691
2015	37,021	545	362	37,928
2016	19,670	996	134	20,800
2017	37,646	430	78	38,154
2018	21,880	713	77	22,670
2019	37,459	837	88	38,384
2020	32,810	372	206	33,388
2021	55,708	31	115	55,854
2022	47,256	507	1,077	48,840
2023	45,892	313	90	46,295

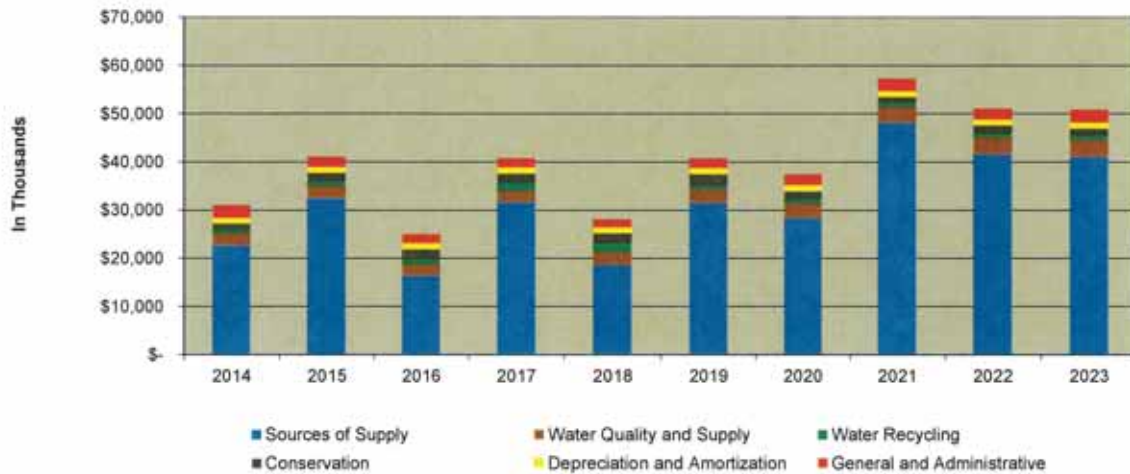


Source: Finance and Administration Department

## Upper San Gabriel Valley Municipal Water District

### Operating Expenses by Activity Last Ten Fiscal Years (Unaudited) (In Thousands)

Fiscal Year Ended June 30	Sources of Supply	Water Quality and Supply	Water Recycling	Conservation	Depreciation and Amortization	General and Administrative	Total Operating Expenses
2014	\$ 22,657	\$ 2,439	\$ 781	\$ 1,323	\$ 1,068	\$ 2,601	\$ 30,869
2015	32,366	2,623	927	1,767	1,072	2,166	40,921
2016	16,345	2,342	1,066	2,127	1,121	1,890	24,891
2017	31,502	2,441	1,650	2,020	1,100	1,944	40,657
2018	18,590	2,569	2,008	2,049	1,090	1,684	27,990
2019	31,458	2,782	883	2,335	1,111	2,057	40,626
2020	28,321	2,962	939	1,695	1,102	2,373	37,392
2021	48,111	3,217	895	1,265	1,107	2,569	57,164
2022	41,557	3,443	828	1,803	1,102	2,257	50,990
2023	41,001	3,507	936	1,487	1,179	2,638	50,748

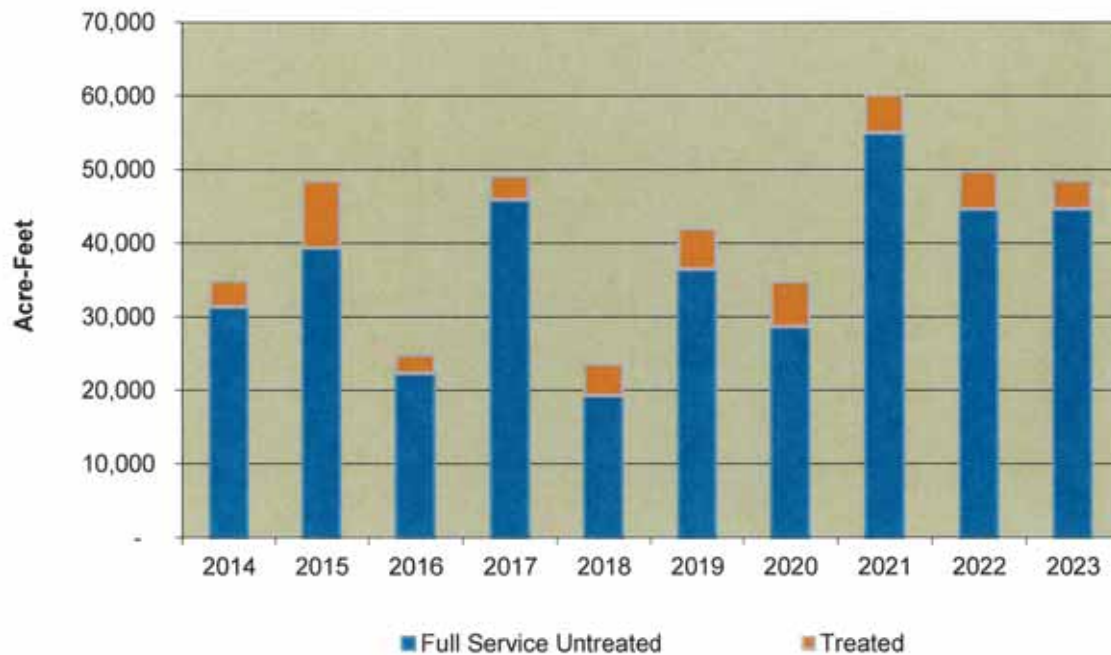


Source: Finance and Administration Department

## Upper San Gabriel Valley Municipal Water District

### Imported Water Deliveries Last Ten Fiscal Years (Unaudited) (In Acre Feet)

Fiscal Year Ended June 30	Treated	Full Service Untreated	Total
2014	3,490	31,289	34,779
2015	9,069	39,287	48,356
2016	2,495	22,254	24,749
2017	3,197	45,813	49,010
2018	4,204	19,273	23,477
2019	5,420	36,421	41,841
2020	6,026	28,616	34,642
2021	5,146	54,895	60,041
2022	5,069	44,582	49,651
2023	3,734	44,614	48,348



Source: Finance and Administration Department



## Upper San Gabriel Valley Municipal Water District

### Imported Water Rates and Charges Fiscal years ended June 30, 2023 and 2022 (Unaudited)

	Rate per Acre-Foot		
	MWD	Upper District Surcharge	Total
<b>Fiscal Year Ended June 30, 2023</b>			
<i>July 1, 2022 to December 31, 2022</i>			
Full Service Treated Tier 1	\$ 1,143	\$ 103	\$ 1,246
Full Service Treated Tier 2	1,185	103	1,288
Full Service Untreated Tier 1	799	103	902
Full Service Untreated Tier 2	841	103	944
<i>January 1, 2023 to June 30, 2023</i>			
Full Service Treated Tier 1	\$ 1,209	\$ 103	\$ 1,312
Full Service Treated Tier 2	1,418	103	1,521
Full Service Untreated Tier 1	855	103	958
Full Service Untreated Tier 2	1,064	103	1,167
<b>Fiscal Year Ended June 30, 2022</b>			
<i>July 1, 2021 to December 31, 2021</i>			
Full Service Treated Tier 1	\$ 1,104	\$ 103	\$ 1,207
Full Service Treated Tier 2	1,146	103	1,249
Full Service Untreated Tier 1	777	103	880
Full Service Untreated Tier 2	819	103	922
<i>January 1, 2022 to June 30, 2022</i>			
Full Service Treated Tier 1	\$ 1,143	\$ 103	\$ 1,246
Full Service Treated Tier 2	1,185	103	1,288
Full Service Untreated Tier 1	799	103	902
Full Service Untreated Tier 2	841	103	944

Source: Finance and Administration Department

## Upper San Gabriel Valley Municipal Water District

### Water Rates per Acre Foot Last Ten Fiscal Years (Unaudited)

As of June 30	Full Service Treated Tier 1	Full Service Treated Tier 2	Full Service Untreated Tier 1	Full Service Untreated Tier 2
2014	\$ 970	\$ 1,112	\$ 673	\$ 815
2015	1,014	1,146	673	805
2016	1,045	1,179	697	831
2017	1,082	1,176	769	863
2018	1,118	1,204	798	884
2019	1,153	1,239	834	920
2020	1,181	1,268	858	945
2021	1,207	1,249	880	922
2022	1,246	1,288	902	944
2023	1,312	1,521	958	1,167

Source: Finance and Administration Department

# Upper San Gabriel Valley Municipal Water District

## Treated Water Sales by Customer Last Ten Fiscal Years (Unaudited) (In Acre Feet)

Fiscal Year Ended June 30	Golden State Water Company	City of South Pasadena	Suburban Water Systems	Watermaster/ City of		City of Arcadia	City of Monrovia	City of Azusa	Valley County Water District	Total
				Alhambra	City of					
2013	17	196	278	3,037	-	-	-	-	-	3,528
2014	38	106	361	2,984	1	-	-	-	-	3,490
2015	5	145	6,208	2,711	-	-	-	-	-	9,069
2016	2	2	4	2,487	-	-	-	-	-	2,495
2017	22	4	294	2,877	-	-	-	-	-	3,197
2018	21	1,134	62	2,987	-	-	-	-	-	4,204
2019	125	1,577	773	2,944	1	-	-	-	-	5,420
2020	16	173	2,848	2,983	6	-	-	-	-	6,026
2021	30	246	1,884	2,986	-	-	-	-	-	5,146
2022	298	342	1,428	2,992	-	-	-	9	-	5,069
2023	4	160	802	2,768	-	-	-	-	-	3,734

Source: Finance and Administration Department



## *Upper San Gabriel Valley Municipal Water District*

### **Demographics and Economic Statistics – Los Angeles County Last Ten Calendar Years (Unaudited)**

---

<b>Fiscal Year</b>	<b>Population (In Millions)</b>	<b>Real GDP Growth</b>	<b>Unemployment Rate</b>
2013	10.1	1.9%	9.8%
2014	10.1	4.1%	8.3%
2015	10.2	4.9%	6.6%
2016	10.2	2.4%	5.3%
2017	10.2	3.5%	4.8%
2018	10.2	3.4%	4.8%
2019	10.2	2.5%	4.7%
2020	10.1	5.8%	4.6%
2021	9.8 (f)	7.8%	12.8%
2022	9.7 (f)	0.1% (f)	4.9% (f)

*Notes:*

*Upper District believes that trends shown by these data are indicative of conditions within its service area.*

*Sources: Los Angeles County Economic Development Corporation's 2023 Economic Forecast  
Census Bureau Data and the Los Angeles Almanac*

## *Upper San Gabriel Valley Municipal Water District*

### **Ten Largest Employers in Los Angeles County June 30, 2021 (Unaudited)**

---

<u>Employer</u>	<u>Number of Employees</u>
County of Los Angeles	106,200
Los Angeles Unified School District	73,800
City of Los Angeles	61,600
University of California, Los Angeles	50,200
Federal Government (except defense and state)	44,700
Kaiser Permanente	40,800
State of California (non-education)	32,300
University of Southern California	22,400
Target Corp.	20,000
Northrop Grumman Corp.	18,000

*Source: Los Angeles Almanac (2021)*

# Upper San Gabriel Valley Municipal Water District

## Operating and Capital Indicators - General Last Ten Fiscal Years (Unaudited)

	Fiscal Year Ended June 30									
Service Area	2014	2015	2016	2017	2018	2019	2020	2021#	2022	2023
Approximate Service Area (in sq. miles)	144	144	144	144	144	144	144	144#	144	144
Number of Member Agencies	29	29	29	29	29	29	29	29#	29	29
Number of Cities/Communities	18	18	18	18	18	18	18	18#	18	18
Active Employees (FTE)	11.5	11.5	10.5	10.5	11.5	11.5	11.5	10.5#	9.5	9.5
Imported Water System										
Number of Service Connections	9	9	9	9	9	9	9	9	9	9
Peak System Capacity (Imported)										
Cubic feet per second	323	323	323	323	323	323	323	323	323	323
Million gallons per day	208	208	208	208	208	208	208	208	208	208
Recycled Water System										
Number of Pump Stations	2	2	2	2	2	2	2	2	2	2
Number of Reservoirs	2	2	2	2	2	2	2	2	2	2
Number of Service Connections	74	76	76	76	76	113	113	113#	113	113
Length of Pipeline (in miles)	22	22	22	22	22	22	22	22	22	22

Sources: Finance and Administration Department  
Government Affairs and Community Outreach Department  
Planning, Engineering and Resources Department  
Metropolitan Water District of Southern California



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To the Board of Directors  
Upper San Gabriel Valley Municipal Water District  
Monrovia, California

We have audited the financial statements of the Upper San Gabriel Valley Municipal Water District (the District) as of and for the year ended June 30, 2023, and have issued our report thereon dated November 30, 2023. Professional standards require that we advise you of the following matters relating to our audit.

#### Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 10, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

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

### **Planned Scope and Timing of the Audit**

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

### **Compliance with All Ethics Requirements Regarding Independence**

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

### **Significant Risks Identified**

We have identified the possibility of the following significant risks:

*Management's override of internal controls over financial reporting:* Management override of internal controls is the intervention by management in handling financial information and making decisions contrary to internal control policy.

*Revenue recognition:* Revenue recognition is a generally accepted accounting principle that refers to the conditions under which an entity can recognize a transaction as revenue. Auditing standards indicate that recognizing revenue is a presumed fraud risk and usually classified as a significant risk in most audits.

These significant risks are presumptive in most audits and merit attention by the auditors due to the direct impact over financial reporting and internal control processes. Although identified as significant risks, we noted no matters of management override of controls or deviations from generally accepted accounting principles which caused us to modify our audit procedures or any related matters which are required to be communicated to those charged with governance due to these identified risks.

### **Qualitative Aspects of the District's Significant Accounting Practices**

#### *Significant Accounting Policies*

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



### *Significant Accounting Estimates*

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

The most sensitive estimates affecting the financial statements are:

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

Management's estimate of depreciation expense is based on the useful lives of acquired assets. We evaluated the key factors and assumptions used to develop depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

The estimate of the net pension liability and related deferred outflows and inflows are based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the statements taken as a whole.

The estimate of the net OPEB liability and related deferred outflows and inflows are based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to:

Management's disclosure of the fair value of investments in Note 3 of the financial statements, which is based on information provided by financial institutions. The financial statement disclosures are neutral, consistent and clear.

The disclosure of capital assets, net, in Note 4 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of net pension liability and related deferred outflows and inflows in Note 8 to the financial statements is based on actuarial assumptions. Actual future liabilities may vary from disclosed estimates.

The disclosure of net OPEB liability and related deferred outflows and inflows in Note 10 to the financial statements is based on actuarial assumptions. Actual future liabilities may vary from disclosed estimates.

#### **Significant Difficulties Encountered during the Audit**

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

#### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all such misstatements. In addition, none of the misstatements detected as the result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### **Disagreements with Management**

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

#### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached management representation letter dated November 30, 2023.

#### **Management's Consultations with Other Accountants**

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

#### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the District, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's Auditors.



Board of Directors  
Upper San Gabriel Valley Municipal Water District

#### **Other Information Included in Annual Reports**

We applied certain limited procedures to the Management's Discussion and Analysis, the Schedule of the Plan's Proportionate Share of the Plan's Net Pension Liability and Related Ratios, the Schedule of Plan's Contributions, the Schedule of Changes in the Net OPEB Liability and Related Ratios, and the Schedule of OPEB Plan Contributions which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information, and we do not express an opinion or provide any assurance on it.

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

Very truly yours,

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California





# MEMORANDUM



## ITEM 8. (a)

**DATE:** January 3, 2024  
**TO:** Board of Directors  
**FROM:** General Manager  
**SUBJECT:** Board and Committee Meeting Schedule for calendar year 2024

---

### Recommendation

Staff recommends that the Board of Directors reschedule board and/or committee meetings affected by holidays and conferences in 2024.

### Background

For 2024, the following observed holidays and annual conferences typically attended by board members and staff coincide with a number of regularly scheduled board and committee meetings:

1. May 7 to 9 - ACWA Spring Conference
2. September 2 – Labor Day
3. September 9 to 12 – CSDA Annual Conference
4. November 28 & 29 – Thanksgiving Day and Day after Thanksgiving
5. December 3 to 5 – ACWA Fall Conference
6. December 4 to 6 - CRWUA Annual Conference
7. December 25 – Christmas Day

To address these scheduling conflicts, staff proposes the following for board consideration:

1. Cancel the first board meeting scheduled for May 8 and hold only one board meeting on May 22.
2. Cancel the Government Affairs and Community Outreach Committee meeting scheduled for September 2 and the first board meeting scheduled for September 11.
3. Cancel the second board meeting scheduled for November 27 and hold only one board meeting on November 13.
4. Cancel the Government Affairs and Community Outreach committee scheduled for December 2, the Administrative and Finance Committee meeting scheduled for December 3, and the Water Resources and Facility Management Committee meeting scheduled for December 4.
5. Cancel the board meeting scheduled for December 25 and hold only one board meeting on December 11.

//Attachment

# Upper San Gabriel Valley Municipal Water District Yearly Meeting Schedule *(Draft – Subject to Board Approval)*

2024

Jan 2024						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Feb 2024						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29		

Mar 2024						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Apr 2024						
1	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

May 2024						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Jun 2024						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

Jul 2024						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Aug 2024						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Sep 2024						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

Oct 2024						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Nov 2024						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

Dec 2024						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

## BOARD MEETINGS

GOVERNMENT AFFAIRS & COMMUNITY OUTREACH COMMITTEE

WATER RESOURCES & FACILITY MANAGEMENT COMMITTEE

ADMINISTRATION & FINANCE COMMITTEE

HOLIDAY – OFFICE CLOSED

Upper District Holiday:

1/1 New Year's Day  
1/15 Martin Luther King Jr. Day  
2/19 President's Day  
3/31 Cesar Chavez Day (OB 4/1)  
5/27 Memorial Day  
7/4 Independence Day

9/2 Labor Day  
11/11 Veterans Day  
11/28 Thanksgiving Day  
11/29 Day after Thanksgiving  
12/25 Christmas Day


Conferences

ACWA Spring: May 7 – 9  
CSDA: Sep 9 – 12  
ACWA Fall: Dec 3 – 5  
CRWUA: Dec 4 – 6





## THIS JUST IN ... First Snow Survey of the Season Finds Below Average Conditions for California

 [mavensnotebook.com/2024/01/02/this-just-in-first-snow-survey-of-the-season-finds-below-average-conditions-for-california/](https://mavensnotebook.com/2024/01/02/this-just-in-first-snow-survey-of-the-season-finds-below-average-conditions-for-california/)

Maven Agency News January 2, 2024 0 178

January 2, 2024

### **With Above Average Reservoir Levels, El Niño Conditions, and a Dry Start to the Water Year, California is Preparing for Flood or Dry Conditions in the Months Ahead**

The Department of Water Resources (DWR) today conducted the first snow survey of the season at Phillips Station. The manual survey recorded 7.5 inches of snow depth and a snow water equivalent of 3 inches, which is 30 percent of average for this location. The snow water equivalent measures the amount of water contained in the snowpack and is a key component of DWR's water supply forecast. Statewide the snowpack is 25 percent of average for this date.

After one of the largest snowpacks on record last season, the start of this water year has been dry despite some recent storms in the last weeks of December that provided a small boost in the snowpack. While state reservoirs are still above average for this time of year and strong El Niño conditions are present in the Pacific Ocean, the outlook for the rest of the winter remains highly uncertain.

"California saw firsthand last year how historic drought conditions can quickly give way to unprecedented, dangerous flooding," said DWR Director Karla Nemeth. "Although El Niño does not guarantee an above average water year, California is preparing for the possibility of more extreme storms while increasing our climate resilience for the next drought."

DWR's electronic readings from 130 stations placed throughout the state indicate that the statewide snowpack's snow water equivalent is 2.5 inches, or 25 percent of average for this date, compared to 185 percent on this date last year.

"While we are glad the recent storms brought a small boost to the snowpack, the dry fall and below average conditions today shows how fast water conditions can change," said DWR's Snow Surveys and Water Supply Forecasting Unit Manager Sean de Guzman. "It's still far too early to say what kind of water year we will have, and it will be important for Californians to pay attention to their forecasts and conserve water, rain or shine."

Last year, California experienced climate whiplash when the driest three year-period on record ended with extreme storm events in January and March that caused damage and flooding across the state. These extreme weather events highlight the need for all Californians to prepare for flood risk. DWR is working with tribal, federal, state, and local partners to provide flood resources and training to communities across the state.



The State-Federal Flood Operations Center (FOC) has pre-positioned flood fight materials at more locations across the state and is starting this winter with more supplies on hand, including 2.2 million more sandbags. This fall, DWR coordinated pre-flood season meetings with emergency response agencies across the state and organized 38 flood-fight trainings for city, county, state and tribal agencies to prepare for possible local emergencies.

To prepare for flooding, all Californians should follow three basic steps:

- Be aware of your risk – know whether your home is downslope of a burn area or in a floodplain; pay attention to weather forecasts; listen to local authorities.
- Be prepared – always have an emergency evacuation kit ready; be prepared to evacuate early; have a plan for where you will go in an emergency.
- Take action – subscribe to your local emergency providers to get updated information. If local authorities issue an evacuation order, do not delay, follow local guidelines for evacuation and never attempt to drive through a flooded roadway.

One year ago, the January survey at the Phillips location showed a water content of 177 percent of average and was followed by a series of damaging atmospheric river storms in January and March that caused flood impacts across the state and produced one of the largest snowpacks on record.

In addition to deploying resources including over 1.9 million sandbags across the state last year, the FOC coordinated a joint state, federal and local response to snowmelt-driven flooding concerns and prepared for the historic snowmelt by providing hydraulic and hydrologic modeling and snowmelt forecasts that allowed agencies to deploy resources, reinforce levees and protect communities.

On average, the Sierra snowpack supplies about 30 percent of California's water needs. Its natural ability to store water is why the Sierra snowpack is often referred to as California's "frozen reservoir." Data from these snow surveys and forecasts produced by DWR's Snow Surveys and Water Supply Forecasting Unit are important factors in determining how DWR manages the state's water resources. Due to last year's above average conditions and historic snowpack, a total of 3.5 million acre-feet of water was captured in State Water Project (SWP) reservoirs. Lake Oroville, the SWP's largest reservoir, is currently at 130 percent of average to date and state water managers are prepared to capture and store as much water as possible.

DWR conducts five media-oriented snow surveys at Phillips Station each winter near the first of each month, January through April and, if necessary, May. The next survey is tentatively scheduled for **February 1**.

For California's current hydrological conditions, visit <https://cww.water.ca.gov>



## Metropolitan issues statement on California's first snow survey of the season

Jan. 2, 2024

*Adel Hagekhalil, general manager of the Metropolitan Water District of Southern California, issues the following statement on the California Department of Water Resources' first snow survey of the season:*

"Though our state's snowpack is below normal for this time of year, there's still time in the coming months for additional storms to build a healthy snowpack. But the reality that weather whiplash can quickly swing us from a wet year to a dry one requires us to be prepared should 2024 remain dry.

"Conservation must remain a way of life for all Californians, regardless of the weather. As water managers, we also must do our part by planning for a drier, more challenging future due to our changing climate. Our Climate Adaptation Master Plan for Water will be essential in identifying and developing options that increase our resiliency by stabilizing our imported water sources, increasing storage, developing a more flexible water delivery system, building local water supply projects and increasing conservation.

"A recent survey shows that the vast majority of Southern Californians are rightfully concerned about the challenges we face to our water supplies and are willing to be part of the solution. We are here to partner with the communities we serve to create a stronger, more resilient water supply for us all."

Catalogued under:

[Water Supply](#), [Sustainability](#)

← [Back to Newsroom](#)



# THIS JUST IN ... Department of Water Resources Approves Delta Conveyance Project

[mavensnotebook.com/2023/12/21/this-just-in-department-of-water-resources-approves-delta-conveyance-project/](https://mavensnotebook.com/2023/12/21/this-just-in-department-of-water-resources-approves-delta-conveyance-project/)

Press Release/Notice Breaking News December 21, 2023 1 438

December 21, 2023

## Final EIR Certified; Engineering, Design and Permitting to Move Forward

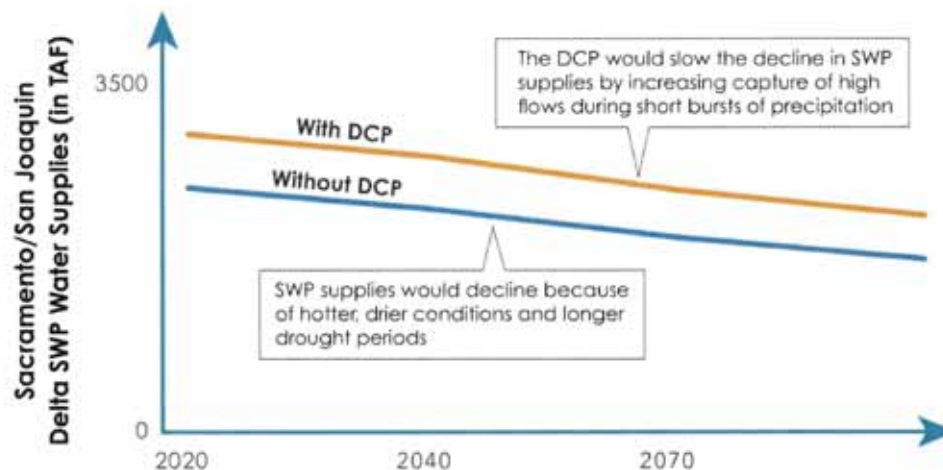
*From the Department of Water Resources:*

The Department of Water Resources (DWR) today approved the Delta Conveyance Project, a modernization of the infrastructure system that delivers water to millions of Californians. DWR has certified the Environmental Impact Report (EIR) and completed an extensive environmental review. DWR selected the "Bethany Reservoir Alignment" for further engineering, design and permitting.

With the state expected to lose 10% of its water supply by 2040 due to hotter and drier conditions, the Delta Conveyance Project is a key part of the California's Water Resiliency Portfolio and Governor Newsom's Water Supply Strategy. The project will modernize the state's water infrastructure to:



- Capture and move more water during wet seasons to better endure dry seasons,
- Minimize future losses from climate-driven weather extremes,
- Protect against earthquakes disrupting water supplies,
- Continue meeting regulatory water quality and fishery requirements, and add new operating rules for further fishery protections,
- Include a Community Benefits Program to ensure local communities get the means and resources to achieve tangible and lasting benefits.



The Delta Conveyance Project would yield about **500,000 acre-feet of water/year**, which is enough for about **5.2 million people**.

Extreme weather whiplash driven by climate change will result in more intense swings between droughts and floods, intensely straining California's 60-year-old State Water Project infrastructure. During January's atmospheric rivers, the Delta Conveyance Project could've captured enough water for 2.3 million peoples' yearly usage. The environmental review included a 142-day public comment period in which DWR received more than 700 letters and 7,000 individual comments. Outreach began in 2020 and has included a multitude of webinars, workshops, briefings, multi-language informational materials, email updates, videos, animations, tabling at local events, and a comprehensive Delta survey. The Final EIR responds to all substantive comments.

"Today marks another significant milestone in our efforts to modernize state water infrastructure and adapt to the challenges of changing precipitation patterns," said Karla Nemeth, Director of the California Department of Water Resources. "As our recent white paper The Economy of the State Water Project shows, the State Water Project is one of the most affordable sources of water in California, and we need to help local water agencies in protecting both reliability and affordability for their ratepayers."

In certifying the EIR and approving the project, DWR has determined the environmental review complies with the California Environmental Quality Act (CEQA), and the Final EIR reflects public input and DWR's independent judgment and analysis. DWR has also:



- Adopted Findings of Fact and Statement of Overriding Considerations, identifying which mitigation measures are feasible and therefore must be included in the project approval to address potentially significant environmental impacts
- Adopted a Mitigation, Monitoring and Reporting Program to create a tracking program for all mitigation that is identified in the findings and included as part of project approval
- Issued Notice of Determination
- Issued Decisions Regarding the Delta Conveyance Project

"The environmental review process has been thorough and provided us with opportunities to work with the community to minimize potential impacts," said Carrie Buckman, the project's Environmental Program Manager. "We are now poised to take the next steps in engineering, design and permitting, and further developing a comprehensive Community Benefits Program."

An EIR is an important document that evaluates and discloses to public agency decision makers, federal, state and local interested agencies, and the public the potential environmental impacts of a proposed project and alternatives, and identifies feasible mitigation measures to avoid, minimize, or otherwise offset potentially significant impacts.

As a part of project development, DWR made a significant and concerted effort to address local Delta concerns related to the effects of the project on the people of the Delta, tribes, and disadvantaged members of historic and legacy communities. These efforts helped to avoid and minimize effects on noise, air quality, traffic, power, aesthetics, boating, and land use, among others.


"We made several notable design refinements specifically to avoid or minimize local construction impacts," said Graham Bradner, Executive Director of the Delta Conveyance Design and Construction Authority, the agency responsible for engineering and design work, and eventually project construction. "We reduced the number of tunnel shafts, chose state-of-the-art fish screens to improve performance and reduce the size of the on-bank structure, and found a way to connect straight to the California Aqueduct. These creative solutions really help to reduce the overall project footprint."

Now that the environmental review is complete and the project has been approved, DWR will take the next steps to pursue numerous state and federal permits or authorizations, including those required by the State Water Resources Control Board, the Delta Stewardship Council, and compliance with state and federal Endangered Species acts. DWR will also continue to develop a Community Benefits Program. The Delta Construction Authority will provide a new cost estimate and a benefit-cost analysis in mid-2024.

There are 17 public water agencies from the Bay Area, Central Valley, Central Coast, and Southern California participating in the project. Their customers are among the 27 million people and 750,000 acres of farmland that rely on the SWP to provide an affordable source of high quality, clean and safe water.

For more information about the project, visit [water.ca.gov/deltaconveyance](https://water.ca.gov/deltaconveyance). For more information about permitting, visit [deltaconveyanceproject.com](https://deltaconveyanceproject.com).

# PRESS RELEASE: Lawsuit: Sites Reservoir Proposal Threatens River, Climate, Fish

 [mavensnotebook.com/2023/12/20/press-release-lawsuit-sites-reservoir-proposal-threatens-river-climate-fish/](https://mavensnotebook.com/2023/12/20/press-release-lawsuit-sites-reservoir-proposal-threatens-river-climate-fish/)

Press Release/Notice Press Release/Other December 20, 2023 2 2053

December 20, 2023

*From the Center for Biological Diversity:*

Conservation and environmental justice groups filed a legal challenge today to the largest reservoir project approved in California in decades. The Sites Reservoir would harm the Sacramento River ecosystem, threaten already imperiled fish species, and release greenhouse gas pollution, today's lawsuit says.

Sites would require the construction of several enormous dams and two 3,000-foot-long and 23-foot-wide tunnels. It will cost an estimated \$4.4 billion.

Proposed for a rural area about 80 miles northwest of Sacramento, the project would store about 1.5 million acre-feet of water, or nearly 490 billion gallons. To achieve this capacity, the reservoir would divert large quantities of water from the Sacramento River system, which is home to federally protected salmon and steelhead.

Most runs of Sacramento River salmon are imperiled and all are declining. Sites would reduce flows in the Sacramento River when salmon are migrating.

"The Sites Reservoir project will cause much environmental harm, which falls on the public, and a small amount of good, which primarily benefits the project investors," said Ron Stork, senior policy advocate at Friends of the River. "Among other harms, the reservoir will be a major greenhouse gas emitter. A recent analysis estimated that Sites would emit the equivalent of 80,000 gasoline-powered cars each year."

The lawsuit was filed in Yolo County Superior Court by Friends of the River, the Center for Biological Diversity, the California Sportfishing Protection Alliance, the California Water Impact Network and Save California Salmon. The suit challenges the Sites Project Authority, a state joint powers authority, for violating the California Environmental Quality Act in approving the reservoir.

"Diverting too much water will never solve the problem of giving away too much water," said Chris Shutes, executive director of the California Sportfishing Protection Alliance. "But the only alternatives the Sites environmental report looked at were different ways to divert more water. To make a bad idea worse, the Sites report low-balled the required flow in the Sacramento River because a flow that protects fish would make the reservoir too expensive to build."

The Sites Reservoir project aims to capture large volumes of floodwaters from major storms and store them as a buffer against drought. But despite its expense and environmental harms, it will provide only a small water-supply benefit, increasing the state's storage capacity by about 3.5%.

"It's very difficult to justify the expense and environmental costs of big surface storage infrastructure projects, and the Sites Reservoir will cause far more harm than good," said John Buse, an attorney at the Center for Biological Diversity. "Water storage undoubtedly provides some benefit, but we should be looking at cheaper alternatives that do more for people, rivers and fish."



Water evaporation from surface reservoirs can result in significant water loss, an effect that will only worsen with California's warming climate. Surface storage projects can also contribute to climate change by releasing methane, a potent greenhouse gas. Surface reservoirs can also impair water quality because the warmer water they impound can contribute to toxic algal blooms, which will also worsen with climate change.

"Sites is a very expensive boondoggle that is likely to produce toxic water," said Carolee Krieger, executive director of the California Water Impact Network. "Do we really want another Kesterson? It's not cost effective to throw money at a problem for such questionable and minimal actual water benefit."

"Sites will perpetuate California's antiquated and inequitable water distribution system to the detriment of Northern California Tribes, salmon and water quality," said Regina Chichizola, executive director of Save California Salmon, a Tribally-led environmental justice organization. "It will promote the concentration of water and power in the hands of the few, and ignores Tribal rights and consultation. We have no choice but to challenge it in court."


The groups are represented by the Law Office of Donald B. Mooney.

*The Center for Biological Diversity is a national, nonprofit conservation organization with more than 1.7 million members and online activists dedicated to the protection of endangered species and wild places.*



# COURTHOUSE NEWS: California water districts agree to save 643,000 acre-feet of Lake Mead water through 2025

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 [mavensnotebook.com/2023/12/13/courthouse-news-california-water-districts-agree-to-save-643000-acre-feet-of-lake-mead-water-through-2025/](https://mavensnotebook.com/2023/12/13/courthouse-news-california-water-districts-agree-to-save-643000-acre-feet-of-lake-mead-water-through-2025/)

Courthouse News Service News and Features December 13, 2023 0 24

December 13, 2023

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## **California water districts signed Colorado River water conservation agreements with the federal government at the start of the 75th meeting of the Colorado River Waters Users Association.**

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Several California water districts signed agreements with the U.S. Bureau of Land Reclamation on Wednesday to conserve a collective 643,000 acre-feet of Lake Mead water through 2025. The decrees were finalized to kickoff the 75th meeting of the Colorado River Waters Users Association at the Paris Las Vegas Hotel.

"We all are aware of the risks the basin is facing," said Camille Touton, commissioner of the Bureau of Reclamation in a press conference. "This past winter has given us a reprieve but the fact is we have to keep working because inaction is not an option."

Just 16 months ago, water levels in Lakes Powell and Mead hit record lows that threatened to cut off hydroelectric power to communities across the western U.S.

To ensure a sustainable future for Colorado River users, President Joe Biden's Investing in America program is providing California communities with \$295 million to fund projects aimed at increasing water conservation, more efficient use, and environmental protections.

Forty million people living in the southwest U.S. and Mexico depend on the Colorado River, including those in Los Angeles, San Diego, Phoenix, Tucson, Las Vegas, Denver, Salt Lake City, Albuquerque and Tijuana. An additional 30 Native American tribes hold senior water rights as well.

In addition to generating power for 2.5 million people, 70% of the river's water nourishes 5.7 million acres of crops. Only 10% of the 1,400-mile river reaches Mexico, which also owns a stake in the water. Siphoned off across so many shareholders, the river rarely sees the ocean and a 2017 civil lawsuit attempting to grant the natural resource the rights of personhood dried up.

Several century-old agreements govern the law of the river, including the 1922 Colorado River Compact which doled out 17.5 million acre-feet of water each year to numerous stakeholders, an amount that was unsustainable even then.

Additional modernisms unforeseen by the original compact negotiators further strain the river including climate change, drought, industrial agriculture and sprawling metropolitan development.

While it never produced the promised 17.5 million acre-feet of water, the Colorado River supplied an average 15.2 million acre-feet per year through the 20th century, including 4 million acre-feet to the upper basin and 9 million to the lower basin and Mexico.

While water use in the lower basin — Arizona, California and Nevada — surpasses use in the upper basin — Colorado, New Mexico, Utah and Wyoming — the law gives both areas the same 7.2 million annual acre-feet to use. The imbalance drives tension between the upper basin which must limit development

around water availability, and the lower basin which is pressured to make cuts in usage.

To balance the equation, lower basin states have agreed to cut 3 million acre-feet by 2026, with California committing to a 1.6 million acre-feet reduction in water use driven by local water agencies.

"In just January it was six states against California," reflected Touton. "This is an all-basin approach,"

The Quechan Indian Tribe has pledged to cut 30,000 acre-feet of water through 2025. Tribe president Joran Joaquin called the move historic.

"Our tribe has been stewards of the land and river for centuries," said Joaquin, who is the first member of a Native America tribe to sit on the Colorado River Board of California. "Yesterday I heard a quote that we have to live within our means — and we know what that means."

Joaquin hopes the Quechan's partnership inspires other Native American tribes to work with the federal government on the issue.

In addition, the Coachella Valley Water District pledged to cut 105,000 acre-feet, the Imperial Irrigation District will conserve 100,000 acre-feet of water, and Palo Verde Irrigation District is reducing water use by 58,000 acre-feet.

Now Colorado River stakeholders are reaching agreements with a wide-range of solutions from cutting nonfunctional turf in the Metropolitan Water District of Southern California to paying farmers in Palo Verde to fallow thirsty fields.

While California's cuts alone don't ensure a sustainable water future for the West, upper basin's commissioner Anne Castle called the development an important piece of the puzzle.

"This is the example that we need to make in order to balance the gap between supply and demand in the Colorado River system," Castle said after the upper basin's gathering. "It's really meaningful because it's big, and it shows that it's going to take very broad-based effort in order to balance that."





# Metropolitan issues statement on release of final Environmental Impact Report for Delta Conveyance Project

Dec. 8, 2023

*Adel Hagekhalil, general manager of the Metropolitan Water District of Southern California, issues the following statement on the California Department of Water Resources' release today of the final Environmental Impact Report for the Delta Conveyance Project.*

"Today marks a significant milestone in our state's effort to address the impacts that climate change is exacting on California's water supply. The recent drought was a powerful indicator of just how vulnerable the State Water Project is – deliveries were so low last year that some Southern California communities could only get a fraction of the water they normally rely on. Preventing this from happening again will take bold action and a clear recognition of the challenges we face.

"The Delta Conveyance Project can be part of a balanced, holistic solution that includes capturing, conveying and storing water available during high flows, for use when it is dry. We look forward to reviewing the findings in the environmental documents released today, along with additional information that will be provided in the future including a cost-benefit analysis. All of this will inform Metropolitan's Board of Directors in determining how best to invest our resources in response to the changing climate. Metropolitan will further assess the DCP through its [Climate Adaptation Master Plan for Water](#), which will guide all of our investments in infrastructure, conservation and new supplies in the years to come.

"Metropolitan is taking steps to reduce its reliance on the Delta, through increased conservation, water recycling and storage. Still, the water imported through the State Water Project will always be an essential component of Southern California's supply. Ensuring its future reliability must be consistent with the state's coequal goal of ecosystem restoration for the Delta. The finalization of the DCP EIR, along with a comprehensive mitigation plan, will help make sure the actions we take to protect our water supply are done in an environmentally responsible way."

Catalogued under:

[Water Supply](#)

[← Back to Newsroom](#)



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BE INFORMED, BE INVOLVED

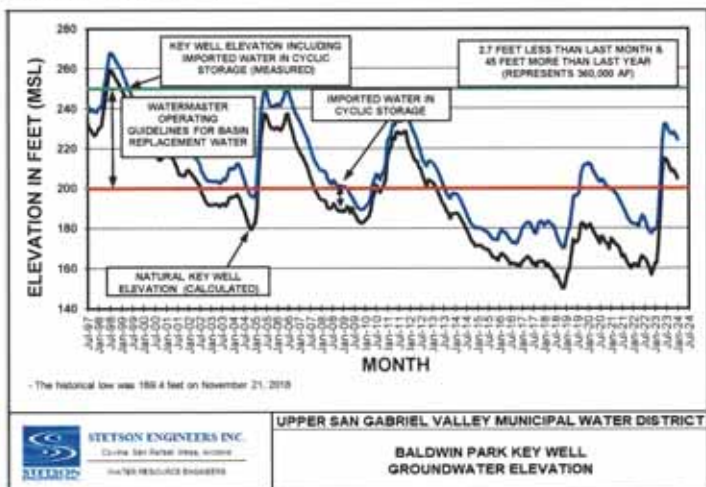


@mwdh2o



## REPORT OF THE DISTRICT ENGINEER ON HYDROLOGIC CONDITIONS JANUARY 10, 2024

### Baldwin Park Key Well



### Groundwater Elevation December 2023

	Groundwater Elevation (ft)	Difference from prior month (ft)	Difference from prior year (ft)
December 30, 2022	179.0		
November 27, 2023	226.8		
December 29, 2023	224.1	-2.7	45.1

### Untreated Imported Water in Cyclic Storage Accounts

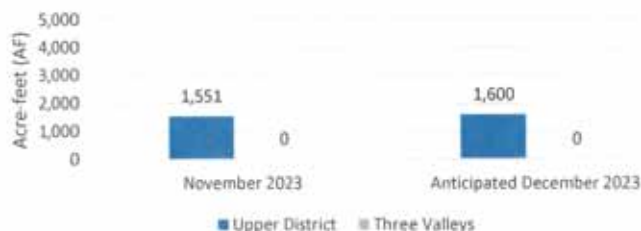
Producer Cyclic Storage	55,000 AF
MWD Cyclic Storage (For U/D RDA Delivery)	52,000 AF
Other Cyclic Storage	15,000 AF
<b>Total</b>	<b>122,000 AF*</b>

\*Represents about 15 feet of groundwater elevation at the Key Well

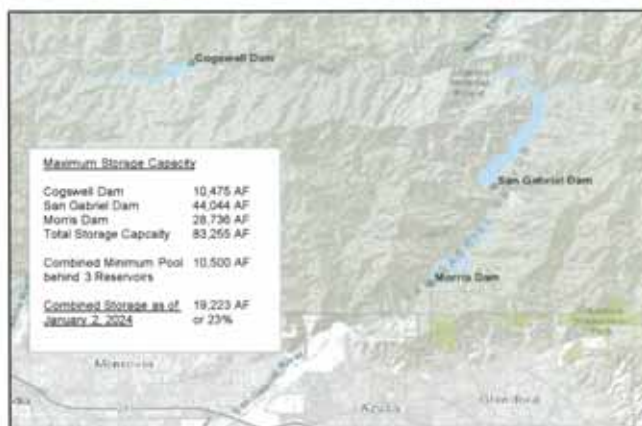
### USG-3

- Located in San Gabriel Canyon, just below Morris Dam, it represents Upper District's primary point of delivery of untreated imported water for groundwater replenishment to the San Gabriel Valley
- Typical delivery rate is about 190 cfs (or about 375 AF per day)

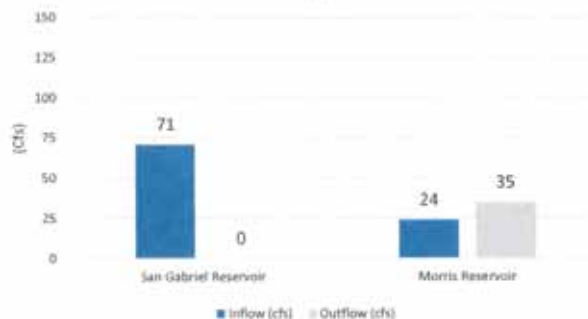
### Imported Deliveries through USG-3



### Reservoir Storage and Releases



### Reservoir Flow As of: January 2, 2024

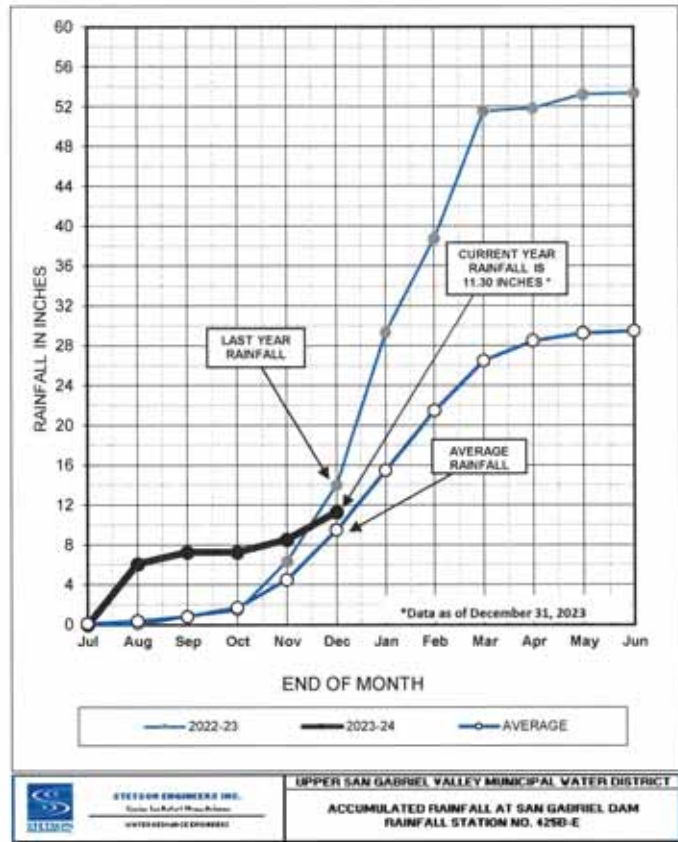
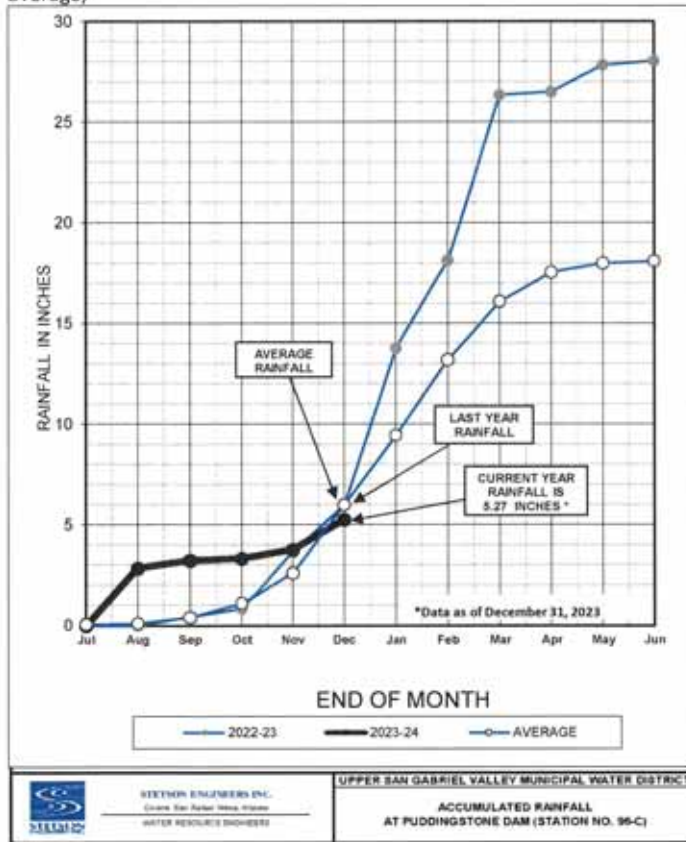




## REPORT OF THE DISTRICT ENGINEER ON HYDROLOGIC CONDITIONS JANUARY 10, 2024

### Rainfall

• Data are readily available on a daily basis and are indicative of comparative amount of rainfall in the San Gabriel Valley (percent of average)



### Water Quality

• Water Systems are required by the Division of Drinking Water (DDW) to collect water quality data from source wells and provide the results to DDW Pursuant to Title 22 (Water quality data collected through Main San Gabriel Basin Watermaster's Basinwide Groundwater Quality Monitoring Program)

- During December 2023, 8 wells were sampled under Title 22
- During November 2023, 71 wells were sampled under Title 22
- During November 2023, Stetson Engineers Inc. received no public notice of wells shut down due to contamination



# MEMORANDUM



## 12. GENERAL MANAGER'S REPORT

### General Manager's Monthly Report January 10, 2024

#### Water Supply Update



**Baldwin Park Key Well:** 224.1 feet on 12/29/23  
**San Gabriel Canyon:** 19,223 AF combined storage as of 1/2/24  
**San Gabriel Reservoir:** inflow 71 cfs; release 0 cfs  
**Morris Reservoir:** inflow 24 cfs; release 35 cfs



**USG-3 deliveries during November 2023:**  
1,551 AF to MWD Cyclic  
**Rainfall as of 12/31/23:**

- 5.27" - Puddingstone Dam
- 11.30" - San Gabriel Dam

#### MWD Water Supply Conditions as of December 26, 2023, are summarized as follows:

Reservoir	Capacity	Current Storage	Compared to last year
San Luis	2.04 MAF	55%, 1.13 MAF	13 TAF more
Oroville	3.54 MAF	67%, 2.39 MAF	1.33 MAF more
D. Valley Lake	810 TAF	92%, 747 TAF	253 TAF more
Lake Powell	24.3 MAF	35%, 8.47 MAF	2.92 MAF more
Lake Mead	26.1 MAF	34%, 9.02 MAF	1.74 MAF more

*\*Storage volumes are in units of Million Acre-Feet (MAF), or Thousand Acre-Feet (TAF)*




#### Drought Actions

WSCP status: Level 2, 20% conservation target, 3 day/week outdoor watering summer, 2 day/week outdoor watering in winter


#### Building Update

The elevator upgrade is complete. The Department of Industrial Relations conducted its final inspection of the elevator and has issued a permit to operate on January 5, 2023. Staff continues to work with the HVAC contractor regarding the two units that have not been fixed and the remaining unresolved issues. Most of the EV charging station equipment have been delivered. Staff is coordinating with a contractor to schedule the installation of the charging stations.


Water Use Efficiency




**Residential Water\$mart Rebates**  
Since July 2023 - \$339,978.94



**Commercial Water\$mart Rebates**  
Since July 2023 - \$35,610.00




**Water Smart Home Kits**  
Homes Served: 81




**MAAP Funds 2022-2024 - \$572,000**  
Reserved: \$572,000 (pending \$100,000)  
Invoiced to MWD: \$202,502


Education and Outreach



**2023-24 Student Workshops**  
Classes: 33  
Students: 1,817




**2024 Art Contest**  
Name update: Being Water Wise is...  
Opened January 8, 2024 – due May 1<sup>st</sup>




**Upcoming Landscaping Workshops**  
February 13, 2024 @ 6-7pm – California Friendly Landscape Training (MWD) *Virtual*  
February 24, 2024 @ 9-11am – Hands-on Advanced Design *in-person*  
March 7, 2024 @ 6-7:15pm - Design Challenges *Virtual*  
March 19, 2024 @ 6-7pm – Leak Detection *Virtual*  
April 9, 2024 @ 6-7pm – Pollinators *Virtual*  
April 25, 2024 @ 6-7pm – Landscape Transformation on a Budget *Virtual*

Legislative Update



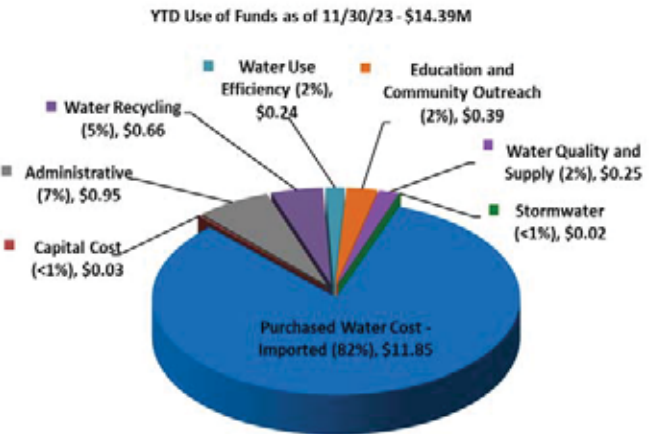
The State Legislature reconvened their 2023-24 legislative session on January 3<sup>rd</sup>. Over the fall break, Speaker Rivas announced several new Committee Chairs as well as Committee members for the upcoming session. The announcement includes Assemblywoman Diane Papan (D-San Mateo) as the new Chair of the Assembly Water, Parks & Wildlife Committee. Assemblymember Rubio was reassigned from the committee, currently there are no San Gabriel Valley members on the committee. The big issues for the upcoming year will be the state budget deficit and work on a potential water bond. The Legislative Analyst’s Office has projected the state will have a multi-year deficit of \$68 billion as a result of the economic downturn. The Governor is required to release his budget proposal for the upcoming year by Wednesday, January 10<sup>th</sup>. The deadline for new bills to be introduced in 2024 is February 16<sup>th</sup>.

Finance and Administration



**Financial Highlights for FY 23/24**

- Treated water sales: 1,224 AF
- Untreated water sales: 11,873 AF
- YTD net operating revenues: \$0.10M



**Summary Report for  
The Metropolitan Water District of Southern California  
Special Board Meeting  
December 5, 2023**

**CONSENT CALENDAR ITEMS - ACTION**

Adopted CEQA determination that the proposed actions related to the following programs were previously addressed in various CEQA documents and related actions, and authorized the General Manager to enter into agreements for Reclamation to fund the generation of up to 408,000 AF of conserved Colorado River system water through 2026 and to enter into agreements with other Colorado River contractors to forbear rights to water generated in California under Reclamation's LC Conservation Program. **(Agenda Item 7-1)**

Awarded a \$250,974 contract to Access General Contracting Inc. for the improvements of the courtyard area located at the Metropolitan Headquarters Building. **(Agenda Item 7-2)**

Awarded a \$698,000 procurement contract to B&K Valves & Equipment Inc. for five globe valves. **(Agenda Item 7-3)**

Authorized an increase in the maximum amount payable under the contract for legal services with Marten Law LLP in the amount of \$150,000 for a total amount not to exceed \$400,000. **(Agenda Item 7-4)**

**THIS INFORMATION SHOULD NOT BE CONSIDERED THE OFFICIAL MINUTES  
OF THE MEETING.**

All current month materials, and materials after July 1, 2021 are available on the public website here: <https://mwdh2o.legistar.com/Calendar.aspx>

This database contains archives from the year 1928 to June 30, 2021:  
<https://bda.mwdh2o.com/Pages/Default.aspx>



## Summary Report for the San Gabriel Basin Water Quality Authority December 20, 2023

### **Election of WQA Board Member and Alternate Representative for Cities Without Pumping Rights**

The Executive Assistant/Outreach Coordinator reported that Ms. Munoz was elected as the WQA Board Member and Ms. Clark was elected as the WQA Alternate Board Member for the next four-year term beginning January 2024.

### **Notice of Exemption for the Whitmore Street Groundwater Remediation Facility Expanded Site Implementation Project**

The Assistant Executive Director/Senior Project Manager reported that the WQA has been awarded Proposition 1 Implementation Grant funding for the purpose of expanding an existing groundwater extraction system to improve the effectiveness of the Whitmore Street Groundwater Remediation Facility.

### **Adopt Resolution No. 23-010, A Resolution of the San Gabriel Basin Water Quality Authority Concerning a Notice of Exemption and Approval for Whitmore Street Groundwater Remediation Facility Expanded Site Implementation Project**

The Board of Directors adopted Resolution No. 23-010 as presented.

# Summary Report for the Main San Gabriel Basin Watermaster Regular Board Meeting December 6, 2023

## **2024 Board Meeting Dates**

The Board of Directors approved the 2024 Board meeting dates as presented.

## **Adoption of a Resolution of the Main San Gabriel Basin Watermaster Expressing Appreciation, Commemorating and Inviting Public Attention to the Outstanding Services Rendered by David De Jesus During His Tenure as a Board Member and Producer Member of Watermaster (Resolution No. 12-23-318)**

The Board of Directors adopted Resolution No. 12-23-318 as presented.

## **Authorization for the Executive Officer to Sign Second Extension of the Water Production Agreement with the Los Angeles County Department of Parks and Recreation and the Department of Toxic Substances Control Relative to the Whittier Narrows Operable Unit**

The Board of Directors authorized the Executive Officer to sign second extension of the Water Production Agreement with the Los Angeles County Department of Parks and Recreation and the Department of Toxic Substances Control.

## **Request from the City of Arcadia to Purchase 3,203 Acre-Feet of Water from the Upper San Gabriel Valley Municipal Water District for Producer Cyclic Storage**

The Board of Directors authorized the purchase of 3,203 AF of water from the Upper District for the City of Arcadia's individual producer cyclic storage account.

## **Request to Execute Extension Agreement for City of Alhambra for Producer Cyclic Storage Account**

The Board of Directors authorized the extension agreement for City of Alhambra/Watermaster Cyclic Storage Agreement for a period of five years, to expire in December 2028.

## **Request to Execute Extension Agreement for City of Arcadia for Producer Cyclic Storage Account**

The Board of Directors authorized the extension agreement for City of Arcadia/Watermaster Cyclic Storage Agreement for a period of five years, to expire in December 2028.

## **Request to Execute Extension Agreement for the City of Azusa for Producer Cyclic Storage Account**

The Board of Directors authorized the extension agreement for City of Azusa/Watermaster Cyclic Storage Agreement for a period of five years, to expire in December 2028.

## **Request to Execute Extension Agreement for California American Water – Duarte System for Producer Cyclic Storage Account**

The Board of Directors authorized the extension agreement for California American Water – Duarte System/Watermaster Cyclic Storage Agreement for a period of five years, to expire in December 2028.

## **Request to Execute Extension Agreement for California American Water – San Marino System for Producer Cyclic Storage Account**

The Board of Directors authorized the extension agreement for California American Water – San Marino/Watermaster Cyclic Storage Agreement for a period of five years, to expire in December 2028.



**Request to Execute Extension Agreement for California Domestic Water Company for Producer Cyclic Storage Account**

The Board of Directors authorized the extension agreement for California Domestic Water Company/Watermaster Cyclic Storage Agreement for a period of five years, to expire in December 2028.

**Request to Execute Extension Agreement for Covina Irrigating Company for Producer Cyclic Storage Account**

The Board of Directors authorized the extension agreement for Covina Irrigating Company/Watermaster Cyclic Storage Agreement for a period of five years, to expire in December 2028.

**Request to Execute Extension Agreement for City of Glendora for Producer Cyclic Storage Account**

The Board of Directors authorized the extension agreement for City of Glendora/Watermaster Cyclic Storage Agreement for a period of five years, to expire in December 2028.

**Request to Execute Extension Agreement for Golden State Water Company – San Gabriel for Producer Cyclic Storage Account**

The Board of Directors authorized the extension agreement for Golden State Water Company – San Gabriel/Watermaster Cyclic Storage Agreement for a period of five years, to expire in December 2028.

**Request to Execute Extension Agreement for Golden State Water Company – San Dimas for Producer Cyclic Storage Account**

The Board of Directors authorized the extension agreement for Golden State Water Company – San Dimas /Watermaster Cyclic Storage Agreement for five years, to expire in December 2028.

**Request to Execute Extension Agreement for La Puente Valley County Water District for Producer Cyclic Storage Account**

The Board of Directors authorized the extension agreement for La Puente Valley County Water District/Watermaster Cyclic Storage Agreement for five years, to expire in December 2028.

**Request to Execute Extension Agreement for City of Monrovia for Producer Cyclic Storage Account**

The Board of Directors authorized the extension agreement for City of Monrovia/Watermaster Cyclic Storage Agreement for five years, to expire in December 2028.

**Request to Execute Extension Agreement for City of Monterey Park for Producer Cyclic Storage Account**

The Board of Directors authorized the extension agreement for City of Monterey Park/Watermaster Cyclic Storage Agreement for five years, to expire in December 2028.

**Request to Execute Extension Agreement for San Gabriel County Water District for Producer Cyclic Storage Account**

The Board of Directors authorized the extension agreement for San Gabriel County Water District/Watermaster Cyclic Storage Agreement for five years, to expire in December 2028.

**Request to Execute Extension Agreement for Suburban Water Systems for Producer Cyclic Storage Account**

The Board of Directors authorized the extension agreement for Suburban Water Systems/Watermaster Cyclic Storage Agreement for five years, to expire in December 2028.

**Request to Execute Extension Agreement for Sunny Slope Water Company for Producer Cyclic Storage Account**

The Board of Directors authorized the extension agreement for Sunny Slope Water Company/Watermaster Cyclic Storage Agreement for five years, to expire in December 2028.



# MEMORANDUM



## 16. DIRECTORS' REPORT (AB 1234)

### Directors' Activity Report – (AB 1234) *In accordance with CA Government Code Section 53232.3 (d)* November 2023

#### ANTHONY R. FELLOW, Division 1

Date	Event	Description/Topics
	No reportable activity.	

#### CHARLES M. TREVIÑO, Division 2

Date	Event	Description
Dec 13-15, 2023	Colorado River Water Users Association	Background Research: A Brief History of the Colorado River, Site Review: Effectiveness of Current & Past Programs, Drafting a New Plan: Future Policies and Programs, The Living River: The Promise of the Mighty Colorado, Outreach to the Impacted Communities: Seven States' Perspectives, Constructing Strong Foundations: A Basin Sectors Panel Discussion, Evaluating Urban Best Practices: Science & Innovation in M & I, Considering Rural Enhancements: Innovations and Challenges for Sustainable Agriculture, Bringing It All Together, Sovereign to Sovereign Dialogue - Colorado River Tribes, Sovereign to Sovereign Dialogue - Mexico Partners & the U.S.

#### ED CHAVEZ, Division 3

Date	Event	Description
Dec 13-15, 2023	Colorado River Water Users Association	Background Research: A Brief History of the Colorado River, Site Review: Effectiveness of Current & Past Programs, Drafting a New Plan: Future Policies and Programs, The Living River: The Promise of the Mighty Colorado, Outreach to the Impacted Communities: Seven States' Perspectives, Constructing Strong Foundations: A Basin Sectors Panel Discussion, Evaluating Urban Best Practices: Science & Innovation in M & I, Considering Rural Enhancements: Innovations and Challenges for Sustainable Agriculture, Bringing It All Together, Sovereign to Sovereign Dialogue - Colorado River Tribes, Sovereign to Sovereign Dialogue - Mexico Partners & the U.S.

#### KATARINA GARCIA, Division 4

Date	Event	Description
	No reportable activity.	

#### JENNIFER SANTANA, Division 5

Date	Event	Description
	No reportable activity.	