

**LA HABRA HEIGHTS COUNTY  
WATER DISTRICT**

**BOARD MEETING**

**JANUARY 27, 2026**

**AGENDA FOR REGULAR MEETING  
BOARD OF DIRECTORS  
LA HABRA HEIGHTS COUNTY WATER DISTRICT  
January 27, 2026 @ 4:00 PM**

- 1. Roll call of Directors by Secretary**
- 2. Notation of staff members and others present**
- 3. Public Communications** (Comments will be limited to 3 minutes)
- 4. Directors Report – Individual, Subcommittees and/or Attended Events**
- 5. Report, Receive, and File 2024/2025 Audit Report**
- 6. Consent Items:** It is recommended these items be acted upon simultaneously unless separate discussion or action is requested by a member of the public or a Director.
  - a. Minutes of special Board meeting for December 16, 2025 (approve)
  - b. Financial Reports – December 2025 (approve)
  - c. Status of Investments – December 2025
- 7. Approval of warrants and authorize signatures per warrant list**
- 8. Report from Superintendent**
- 9. Report and recommendations of General Manager:**
  - a. Discuss and Possible Action – Property owner's request for a variance for Section 32 of the District's Rates, Rules, and Regulations pertaining to overhead charges
  - b. Discuss and Approve – H2O quarterly newsletter
  - c. Discuss and Approve – Revisions to the District's Cross Connection Control Plan
  - d. Discuss and Adopt – Ordinance 26-01 Water Theft

- e. Report – Reservoir 10A warranty work schedule
- f. Report – JPIA Worker's Comp, Liability, and Property Assessment
- g. Report – District's annual IT & Operating Technology (OT) costs
- h. Report – Monthly PFAS update
- i. Report – Annual 700 Form filing
- j. Report – General Manager vacation schedule

## **10. Adjournment**

Any documents that are provided to the Board of Directors regarding items on this agenda less than 72 hours prior to this meeting will be available for public inspection at the front counter of the District office located at 1271 N. Hacienda Road, La Habra Heights, California 90631

# MINUTES

MINUTES OF THE SPECIAL BOARD MEETING  
OF THE BOARD OF DIRECTORS  
LA HABRA HEIGHTS COUNTY WATER DISTRICT  
December 16, 2025

A special meeting of the Board of Directors of La Habra Heights County Water District was held on December 16, 2025, at 4:08 p.m., at the office of the District, located at 1271 North Hacienda Road, La Habra Heights.

Item 1. Roll call of Directors by Secretary/General Manager, Joe Matthews.

PRESENT: Directors Baroldi, Cooke, Crabb, and McVicar

ABSENT: Director Perumean

Item 2. Staff members and others present. Staff: Joe Matthews, Secretary/General Manager and Ivan Ramirez, Superintendent. Others present: Michael Silander, District Counsel and David Byrum, Civiltec Engineering (attended via zoom).

Item 3. Public Communications – None

Item 4. Directors Report – Individual, Subcommittees and/or Attended Events.

Director Baroldi reported attending the JPIA Fall conference and Board of Directors meeting.

Director McVicar reported that the investment committee approved moving money from Charles Schwab to LAIF when the current treasury bills held by the District mature on December 26, 2025.

(Director Perumean entered the meeting at 4:15 pm)

(Director Crabb stepped out of the meeting at 4:15pm)

Item 5. a. & b. Minutes of Regular Board meeting for November 18, 2025, and Financial Reports for November 2025. After discussion, there was a motion by Director McVicar and seconded by Director Perumean to approve minutes and financial report. The vote was as follows:

AYES: Directors Baroldi, Cooke, McVicar, and Perumean

NOES: None

ABSENT: Director Crabb

(Director Crabb re-entered the meeting at 4:25pm)

Item 6. Approval of warrants and authorized signatures per warrant list. After discussion, there was a motion made by Director McVicar and seconded by Director Baroldi that warrant numbers 48274 through 48330 in the amount of \$150,020.66 and EFT transfers in the amount of \$14,629.38 be approved and signatures be authorized. The vote was as follows:

AYES: Directors Baroldi, Cooke, Crabb, McVicar, and Perumean

NOES: None

ABSENT: None

Item 7. Report of Superintendent. The superintendent informed that repairs were made to one service leak and Brkich Construction replaced a fire hydrant and installed a retaining wall on Dorothea Road. Plant 2 pump #2 motor was installed and pump #3 is still with Tri County Pump being rebuilt. Well #10 soft start failed and GJR Electric is getting us prices on a replacement unit.

Item 8.a. Discuss and Approve - Termination of Agreement between LHHCWD and WRD for (1) Reimbursement of costs related to Environmental Compliance Services and (2) MOU for the United States Community Grant Program. After discussion, there was a motion by Director McVicar and seconded by Director Crabb to terminate agreement. The vote was as follows:

AYES: Directors Baroldi, Cooke, Crabb, McVicar, and Perumean

NOES: None

ABSENT: None

Item 8.b. Discuss and approve Civiltec proposals for Plant 1 structural assessment and Gualtieri Reservoir seismic study. David Byrum with Civiltec provided a presentation. After discussion, there was a motion by Director Cooke and seconded by Director Crabb to approve proposals. The vote was as follows:

AYES: Directors Baroldi, Cooke, Crabb, McVicar, and Perumean

NOES: None

ABSENT: None

Item 8.c. Discuss and approve Emerson annual SCADA software support contract renewal. After discussion, no action was taken on this item.

Item 8.d. Discuss and adopt Resolution 25-10 District Policy for GPS tracking. After discussion, there was a motion by Director Baroldi and seconded by Director McVicar to approve Resolution 25-10. The vote was as follows:

AYES: Directors Baroldi, Cooke, Crabb, McVicar, and Perumean

NOES: None

ABSENT: None

Item 8.e. Discuss and approve changes to District maintenance agreement contracts. After discussion, no action was taken on this item.

Item 8.f. Discuss new laws for Boards members. After discussion, no action was taken on this item.

Item 8.g. Discuss monthly PFAS update. General Manager provided update, no action was taken on this item.

Item 9.a. CONFERENCE WITH LEGAL COUNSEL- ANTICIPATED LITIGATION: Initiation of litigation pursuant to § 54956.9(c): one case. No reportable action was taken.

Item 10. There being no further business to come before the Board, a motion was made by Director Cooke and seconded by Director McVicar that the meeting be adjourned at 6:41 p.m. The vote was as follows:

AYES: Directors Baroldi, Cooke, Crabb, McVicar, and Perumean

NOES: None

ABSENT: None

Dated: January 27, 2026

\_\_\_\_\_  
Brad Cooke, President

(SEAL)

\_\_\_\_\_  
Joe Matthews, Secretary

# FINANCIAL REPORT



# LA HABRA HEIGHTS COUNTY WATER DISTRICT

## STATEMENTS OF NET POSITION

December 31, 2024 and December 31, 2025

	2024	2025
<b><u>ASSETS:</u></b>		
<b><u>Current Assets:</u></b>		
CASH-PETTY	300.00	300.00
CASH-CHECKING	1,303,298.59	2,849,424.95
CASH-SWEEP	602.00	550,096.42
INVESTMENT-LAIF	4,016,787.12	6,224,921.14
INVESTMENT-TREASURY BILLS	1,051,868.01	-
ACCOUNTS RECEIVABLE-WATER	434,468.32	363,599.59
ACCOUNTS RECEIVABLE-OTHER	328,771.40	309,981.23
LEASE RECEIVABLE	131,188.00	131,226.00
SETTLEMENT RECEIVABLE	-	1,453,612.00
ACCRUED INTEREST RECEIVABLE	45,497.00	142,734.18
INVENTORY	256,524.17	289,517.61
PREPAID EXPENSES	138,575.76	137,624.20
Total Current Assets	7,707,880.37	12,453,037.32
<b><u>Noncurrent Assets:</u></b>		
<b><u>Capital Assets:</u></b>		
LAND	532,743.65	532,743.65
WATER RIGHTS	1,640,490.80	1,640,490.80
SOURCE OF SUPPLY	2,278,699.92	2,275,481.80
PUMPING PLANT	1,668,932.77	1,668,932.77
TRANSMISSION & DISTRIBUTION	26,575,546.78	28,086,149.51
GENERAL PLANT	1,664,080.78	1,671,098.78
CONSTRUCTION IN PROGRESS	1,870,863.01	437,540.23
Total Capital Assets	36,231,357.71	36,312,437.54
Accumulated Depreciation	(20,501,663.83)	(21,017,832.62)
Net Capital Assets	15,729,693.88	15,294,604.92
<b><u>Other Noncurrent Assets:</u></b>		
INVESTMENTS-CAL DOMESTIC WATER CO	591.00	591.00
LEASE RECEIVABLE	2,166,503.17	2,042,819.63
SETTLEMENT RECEIVABLE	-	(451,392.30)
Total Other Noncurrent Assets	2,167,094.17	2,043,410.63
<b>Total Assets</b>	<b>25,604,668.42</b>	<b>29,791,052.87</b>
 DEFERRED OUTFLOWS OF RESOURCES- Deferred amount from pension plan	 853,967.00	 595,613.00
DEFERRED OUTFLOWS OF RESOURCES- Deferred amount from OPEB	199,012.00	472,335.00
Total Deferred Outflows of Resources	1,052,979.00	1,067,948.00

# LA HABRA HEIGHTS COUNTY WATER DISTRICT

## STATEMENTS OF NET POSITION

December 31, 2024 and December 31, 2025

	2024	2025
<b>LIABILITIES</b>		
<u>Current Liabilities:</u>		
ACCOUNTS PAYABLE	392,800.89	278,877.67
DEPOSITS-CUSTOMERS	3,000.00	5,500.00
DEPOSITS-CONSTRUCTION	5,000.00	5,000.00
ACCRUED EMPLOYEE BENEFITS	121,805.03	218,320.83
NET OPEB OBLIGATION	1,076,358.00	1,450,712.00
NET PENSION LIABILITY	1,431,442.00	1,407,148.00
Total Current Liabilities	3,030,405.92	3,365,558.50
<b>Total Liabilities</b>	3,030,405.92	3,365,558.50
 DEFERRED INFLOWS OF RESOURCES- Deferred amounts from pension plan	176,276.00	140,658.00
DEFERRED INFLOWS OF RESOURCES- Deferred amounts from OPEB	914,390.00	782,327.00
DEFERRED INFLOWS OF RESOURCES- Deferred amounts from Leases	2,234,436.17	2,112,575.69
Total Deferred Inflows of Resources	3,325,102.17	3,035,560.69
 <u>Net Position:</u>		
INVESTED IN CAPITAL ASSETS,NET RELATED DEBT	15,729,693.88	15,294,604.92
UNRESTRICTED	4,572,445.45	9,163,276.76
RESTRICTED	-	-
<b>Total Net Position</b>	20,302,139.33	24,457,881.68

**LA HABRA HEIGHTS COUNTY WATER DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
For Six Months Ending December 31, 2024 and December 31, 2025

	Last Year Current Month Actual	Current Month Actual	Last Year YTD Actual	Current YTD Actual	Current Budget	Actual 12/31/2025 % of budget 2025/26
<b>Operating Revenue:</b>	453,834.13	377,195.55	3,106,458.70	3,134,333.25	6,092,986.00	51%
<b>Operating Expenses:</b>						
Source of Supply	150,545.65	135,841.21	1,173,238.30	1,076,103.31	2,160,412.00	50%
Pumping	5,153.48	10,214.69	48,313.56	99,774.84	133,495.00	75%
Treatment	22,423.40	23,518.01	57,686.83	52,651.64	95,582.00	55%
Transmission & Distribution	27,340.03	50,938.52	221,393.01	241,281.57	700,407.00	34%
Customer Accounts	7,521.21	19,023.19	87,950.03	170,450.68	223,294.00	76%
Administrative and General	157,426.50	193,131.74	943,806.84	1,147,292.79	2,072,614.00	55%
Capital Improvements	154,511.75	154,511.75	927,070.50	927,070.50	1,874,006.00	50%
Other	7,183.27	10,315.05	45,414.64	52,668.57	98,875.00	53%
TOTAL OPERATING EXPENSES	532,105.29	597,494.16	3,504,873.71	3,767,293.90	7,358,685.00	51%
OPERATING INCOME (LOSS)	(78,271.16)	(220,298.61)	(398,415.01)	(632,960.65)	(1,265,699.00)	50%
<b>Non-Operating Revenues</b>	411,947.75	689,214.92	625,848.19	1,367,519.06	1,446,658.00	95%
<b>Non-Operating Expenses</b>	342.04	1,306.20	2,442.04	4,206.20	28,014.00	15%
NET NON-OPERATING REVENUES (EXPENSES)	411,605.71	687,908.72	623,406.15	1,363,312.86	1,418,644.00	96%
<b>NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	333,334.55	467,610.11	224,991.14	730,352.21	152,945.00	478%
SYSTEM BUY IN FEE			36,166.00	48,222.00		
CAPITAL CONTRIBUTIONS			28,373.52	33,725.50		
NET INCOME (LOSS) IN NET POSITION			289,530.66	812,299.71		
NET POSITION-BEGINNING OF YEAR			20,012,608.67	23,645,581.97		
NET POSITION-END OF PERIOD			20,302,139.33	24,457,881.68		

# LA HABRA HEIGHTS COUNTY WATER DISTRICT

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For Six Months Ending December 31, 2024 and December 31, 2025

	Last Year Current Month Actual	Current Month Actual	Last Year YTD Actual	Current YTD Actual	Current Budget	Actual 12/31/2025 % of budget 2025/26
	12/31/2024	12/31/2025	12/31/2024	12/31/2025	2025/26	50%
<b>OPERATING REVENUES</b>						
SALES-WATER	233,035.40	143,965.91	1,777,531.87	1,732,691.09	3,289,482.00	53%
SALES-READINESS TO SERVE	216,852.47	229,317.64	1,296,653.54	1,378,593.39	2,733,327.00	50%
SALES-MISCELLANEOUS	3,946.26	3,912.00	32,273.29	23,048.77	35,854.00	64%
LEASE-WATER RIGHTS	-	-	-	-	34,323.00	0%
<b>TOTAL OPERATING REVENUES</b>	<b>453,834.13</b>	<b>377,195.55</b>	<b>3,106,458.70</b>	<b>3,134,333.25</b>	<b>6,092,986.00</b>	<b>51%</b>
<b>OPERATING EXPENSES</b>						
PURCHASED WATER	5,587.36	36,127.23	30,005.62	51,509.50	271,633.00	19%
GROUND WATER REPLENISHMENT ASSMT	80,237.57	43,488.66	632,006.88	570,995.80	1,103,284.00	52%
POWER	64,720.72	56,225.32	511,225.80	453,598.01	785,495.00	58%
<b>TOTAL SOURCE OF SUPPLY</b>	<b>150,545.65</b>	<b>135,841.21</b>	<b>1,173,238.30</b>	<b>1,076,103.31</b>	<b>2,160,412.00</b>	<b>50%</b>
 LABOR-PUMPING	 3,721.95	 9,573.36	 26,213.66	 31,532.20	 66,869.00	 47%
MAINTENANCE-PUMPING	1,431.53	641.33	22,099.90	68,242.64	66,626.00	102%
<b>TOTAL PUMPING</b>	<b>5,153.48</b>	<b>10,214.69</b>	<b>48,313.56</b>	<b>99,774.84</b>	<b>133,495.00</b>	<b>75%</b>
 MAINT & LABOR-TREATMENT	 22,423.40	 23,518.01	 57,686.83	 52,651.64	 95,582.00	 55%
<b>TOTAL TREATMENT</b>	<b>22,423.40</b>	<b>23,518.01</b>	<b>57,686.83</b>	<b>52,651.64</b>	<b>95,582.00</b>	<b>55%</b>
 LABOR-TRANS & DISTRIBUTION	 14,983.98	 23,521.89	 106,712.19	 127,629.89	 287,603.00	 44%
MAINT-TRANS & DISTRIBUTION	300.37	18,051.46	33,027.37	52,386.68	208,926.00	25%
JOINT FACILITIES-WELL, LM CONDUIT&RES	25,138.04	24,633.66	162,600.39	147,776.73	423,601.00	35%
ORCHARD DALE PORTION	(13,082.36)	(15,268.49)	(80,946.94)	(86,511.73)	(219,723.00)	39%
<b>TOTAL TRANSMISSION&amp;DISTRIBUTION</b>	<b>27,340.03</b>	<b>50,938.52</b>	<b>221,393.01</b>	<b>241,281.57</b>	<b>700,407.00</b>	<b>34%</b>
 LABOR&MAINT-CUSTOMER ACCOUNTS	 5,089.02	 17,518.67	 85,122.67	 168,946.16	 219,817.00	 77%
UNCOLLECTIBLE ACCOUNTS	2,432.19	1,504.52	2,827.36	1,504.52	3,477.00	43%
<b>TOTAL CUSTOMER ACCOUNTS</b>	<b>7,521.21</b>	<b>19,023.19</b>	<b>87,950.03</b>	<b>170,450.68</b>	<b>223,294.00</b>	<b>76%</b>
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>62,438.12</b>	<b>103,694.41</b>	<b>415,343.43</b>	<b>564,158.73</b>	<b>1,152,778.00</b>	<b>49%</b>
<b>TOTAL SOURCE OF SUPPLY &amp; OPERATING EXPENSES</b>	<b>212,983.77</b>	<b>239,535.62</b>	<b>1,588,581.73</b>	<b>1,640,262.04</b>	<b>3,313,190.00</b>	<b>50%</b>
 <b>ADMINISTRATIVE &amp; GENERAL EXPENSES</b>						
LABOR-FIELD-SICK,VAC,HOLIDAY	9,127.60	20,326.98	36,428.37	55,582.75	84,398.00	66%
WAGES-MANAGEMENT	10,557.70	19,354.32	67,818.76	79,255.60	160,333.00	49%
WAGES-OFFICE	21,492.25	32,325.83	113,519.78	146,125.26	296,733.00	49%
WAGES-MGMT&OFFICE-SICK,VAC,HOLIDAY	15,982.54	19,434.83	43,839.63	49,797.80	99,073.00	50%
OFFICE SUPPLIES	2,142.19	2,674.87	12,354.91	15,464.73	29,511.00	52%
AUTO SERVICE	(4,469.32)	5,721.30	25,326.49	26,096.93	52,399.00	50%
BANK SERVICE CHARGE	768.93	1,889.64	3,154.15	10,218.87	11,052.00	93%
DUES & SUBSCRIPTIONS	2,490.50	-	25,404.89	26,206.15	43,107.00	61%
BUILDING SERVICE	3,406.25	1,246.13	21,607.39	9,752.22	22,609.00	43%
OFFICE EQUIPMENT MAINT	3,074.75	7,783.40	10,016.03	38,822.73	37,112.00	105%
PROFESSIONAL SERVICES	7,327.00	5,945.00	65,072.00	60,055.75	126,760.00	47%
EDUCATION & MEETINGS	907.62	2,987.36	6,854.76	9,310.45	17,894.00	52%

# LA HABRA HEIGHTS COUNTY WATER DISTRICT

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For Six Months Ending December 31, 2024 and December 31, 2025

	Last Year Current Month Actual 12/31/2024	Current Month Actual 12/31/2025	Last Year YTD Actual 12/31/2024	Current YTD Actual 12/31/2025	Current Budget 2025/26	Actual 12/31/2025 % of budget 2025/26
LEGAL	4,812.50	4,275.00	24,287.50	18,750.00	61,712.00	30%
UTILITIES	22,692.42	6,256.45	60,300.75	49,057.54	109,604.00	45%
ENGINEERING	1,090.00	3,343.81	9,465.00	70,228.81	66,949.00	105%
INSUR-AUTO,LIABILITY&PROPERTY	12,914.88	11,628.89	68,195.12	72,032.49	154,417.00	47%
INSUR-GROUP HEALTH & LIFE	17,043.44	19,715.35	102,034.22	114,079.20	229,403.00	50%
EMPLOYEE WORKERS COMPENSATION	5,950.05	6,744.90	14,369.67	14,685.85	30,356.00	48%
DENTAL	1,248.80	308.80	8,391.52	3,445.28	12,754.00	27%
RETIREMENT-CALPERS	12,576.54	11,520.75	67,424.51	72,959.75	164,700.00	44%
RETIREMENT-DEFERRED COMP	1,553.30	1,643.26	9,916.95	11,056.05	22,828.00	48%
RETIREMENT-CALPERS UNFUND ACCR LIAB	-	-	108,463.00	135,260.00	139,783.00	97%
MAINTENANCE-GENERAL PLANT	4,736.56	8,004.87	39,561.44	59,048.58	99,127.00	60%
CAPITAL IMPROVEMENTS	154,511.75	154,511.75	927,070.50	927,070.50	1,874,006.00	50%
PROPERTY TAXES	445.69	428.67	3,218.73	3,187.96	5,630.00	57%
PAYROLL TAXES	6,737.58	9,886.38	42,195.91	49,480.61	93,245.00	53%
TOTAL ADMIN & GENERAL EXP	319,121.52	357,958.54	1,916,291.98	2,127,031.86	4,045,495.00	53%
TOTAL OPERATING EXPENSES	532,105.29	597,494.16	3,504,873.71	3,767,293.90	7,358,685.00	51%
OPERATING INCOME (LOSS)	(78,271.16)	(220,298.61)	(398,415.01)	(632,960.65)	(1,265,699.00)	50%
<b>NONOPERATING REVENUES</b>						
INTEREST INCOME	29,442.86	37,233.71	123,861.70	177,158.57	268,764.00	66%
PROPERTY TAX INCOME	372,769.54	398,726.80	426,806.94	441,484.19	1,036,498.00	43%
RENT/LEASE INCOME	10,155.04	10,622.24	63,136.88	64,168.62	127,274.00	50%
OIL ROYALTIES	878.56	788.82	5,783.42	4,754.15	12,133.00	39%
MISCELLANEOUS INCOME	600.00	248,169.67	600.00	686,653.84	1,989.00	0%
GAIN ON ASSET SOLD	(1,898.25)	(6,326.32)	5,659.25	(6,700.31)	-	0%
TOTAL NONOPERATING REVENUES	411,947.75	689,214.92	625,848.19	1,367,519.06	1,446,658.00	95%
<b>NONOPERATING EXPENSES</b>						
LOSS ON INVESTMENT	-	-	-	-	-	0%
DIRECTORS FEES	200.00	1,100.00	2,300.00	4,000.00	9,900.00	40%
DIRECTORS EXPENSES	142.04	206.20	142.04	206.20	4,481.00	5%
ELECTION	-	-	-	-	13,633.00	0%
TOTAL NONOPERATING EXPENSES	342.04	1,306.20	2,442.04	4,206.20	28,014.00	15%
NET NONOPER REVENUES(EXPENSES)	411,605.71	687,908.72	623,406.15	1,363,312.86	1,418,644.00	96%
<b>NET INCOME (LOSS) IN NET POSTION</b>	333,334.55	467,610.11	224,991.14	730,352.21	152,945.00	478%

# STATUS OF INVESTMENTS

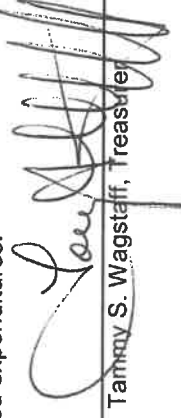
**LA HABRA HEIGHTS COUNTY WATER DISTRICT**  
**REPORT OF INVESTMENTS**  
**FOR QUARTER ENDED DECEMBER 31, 2025**

TYPE OF INVESTMENT	ISSUER	PURCHASE DATE	DAYS TO MATURITY	YIELD	AGENT/ BROKER	SOURCE OF VALUATION	BEGINNING BALANCE	ACTIVITY	ENDING BALANCE	MARKET VALUE	% ENDING BALANCE TO TOTAL PORTFOLIO
Sweep Account	Wells Fargo Bank	NA	1	3.657	Wells Fargo Bank	Wells Fargo Bank	1,243,526	1,605,899 <b>a</b>	2,849,425	2,849,425	31.4%
Pooled fund	Local Agency Investment Fund (LAIF)	NA	1	4.025	State Treasurer	State Treasurer	6,172,610	47,365 <b>b</b>	6,219,975	6,224,921 <b>c</b>	68.6%
United States Treasury Bill	United States Treasury	6/27/2025	0	4.240	Charles Schwab	Charles Schwab Statement	544,935	-544,935 <b>d</b>	0	0	0.0%
<b>TOTAL</b>							7,961,071	1,108,329	9,069,400	9,074,346	68.6%

- a- Activity in sweep account for the month  
b- Deposited on 10/15/25, \$47,365 interest earned from July-September 2025  
c- LAIF ending balance net adjustment is \$4,946 as of June 2025 to market value  
d- United States Treasury Bill matured on December 26, 2025; \$550,000 maturity, gain \$5,065, net \$544,935

All current investments and transactions during the month comply with the investment policy adopted by Resolution 25-01 adopted February 25, 2025

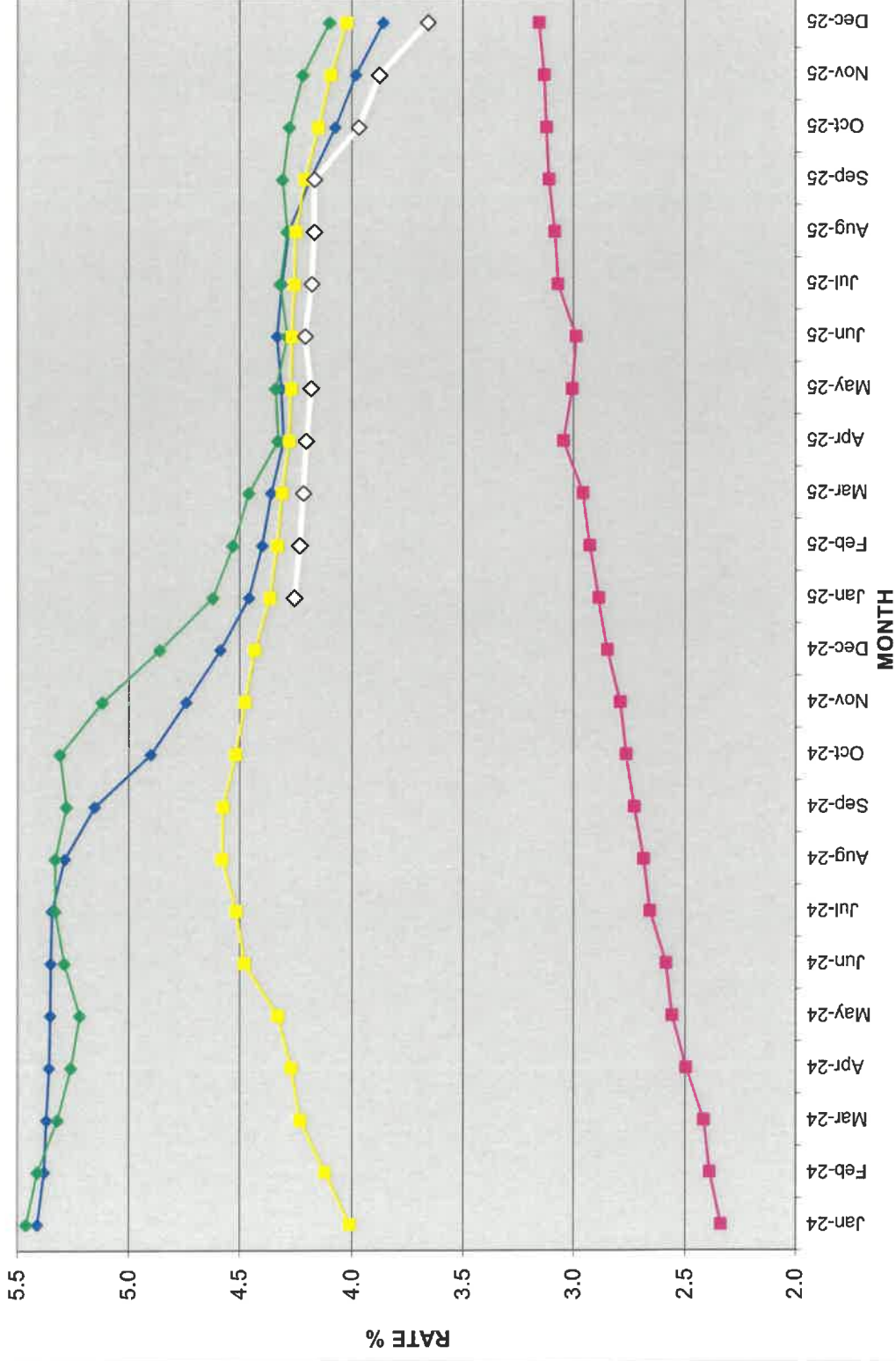
Pending any future action of Board of Directors or any unforeseen catastrophe, I certify that sufficient investment liquidity and anticipated revenue are available to meet the next six months of estimated expenditures.

  
Tammy S. Wagstaff, Treasurer

*January 27, 2026*  
Date

# LA HABRA HEIGHTS COUNTY WATER DISTRICT

## Historical Interest Rates





# WARRANTS

**La Habra Heights County Water District**  
**AP Check Register (Current by Bank)**

Check No.	Date	Status*	Vendor ID	Payee Name	Amount
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**BANK ID: 13100 - EFT TRANSFERS**

1003072808	12/16/25	M	0130	CALPERS	\$5,217.91
1003072809	12/16/25	M	0130	CALPERS	\$1,686.09
1003083808	01/05/26	M	0130	CALPERS	\$5,217.91
1003083809	01/05/26	M	0130	CALPERS	\$1,686.09
1003083840	01/05/26	M	0130	CALPERS	\$1,085.88
1003147653	01/14/26	M	0130	CALPERS	\$5,217.91
1003147654	01/14/26	M	0130	CALPERS	\$1,686.09
<b>BANK 13100 REGISTER TOTAL:</b>					<b>\$21,797.88</b>

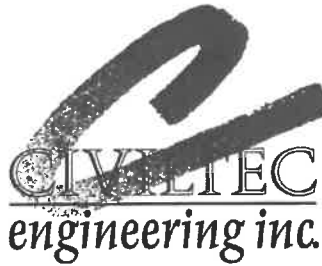
**BANK ID: 13110 - CHECKING- WELLS FARGO**

48331	12/18/25	P	0597	411 COMMERCIAL	\$650.00
48332	12/18/25	P	0013	CANNINGS HARDWARE	\$103.90
48333	12/18/25	P	0014	CENTRAL BASIN MWD	\$5,622.27
48334	12/18/25	P	0441	CINTAS CORPORATION	\$69.83
48334	12/18/25	V	0441	CINTAS CORPORATION	(\$69.83)
48335	12/18/25	P	0518	CLIFTON LARSON ALLEN LLP	\$1,995.00
48336	12/18/25	P	0389	FRONTIER COMMUNICATIONS	\$900.00
48337	12/18/25	P	0522	FULLERTON FORD	\$2,876.86
48338	12/18/25	P	0124	G M SAGER CONSTRUCTION CO	\$13,817.60
48339	12/18/25	P	0369	HIGHROAD INFO TECHNOLOGY	\$1,975.00
48340	12/18/25	P	0033	J A SALAZAR CONSTRUCTION	\$335.00
48341	12/18/25	P	0133	KONICA MINOLTA	\$133.03
48342	12/18/25	P	0001	LESLIE J. CONTRERAS	\$89.28
48343	12/18/25	P	0051	LINCOLN FINANCIAL GROUP	\$3,249.58
48344	12/18/25	P	0453	MATTHEW CERDA	\$95.20
48345	12/18/25	P	0598	NAZ ELECTRIC & CONTROLS, INC.	\$4,350.00
48346	12/18/25	P	0231	O'REILLY AUTO PARTS	\$55.35
48347	12/18/25	P	0404	ROBERT T LUITWIELER	\$70.00
48348	12/18/25	P	0147	SAN GABRIEL VALLEY WATER CO	\$105.31
48349	12/18/25	P	0068	SOUTHERN CALIF EDISON CO	\$12,715.02
48350	12/18/25	P	0267	STAMPS BY MAIL	\$156.00
48351	12/18/25	P	0577	WARE DISPOSAL	\$331.13
48352	12/18/25	P	0016	WATER REPLENISHMENT DISTRICT	\$91,340.26
48353	12/18/25	P	0441	CINTAS CORPORATION	\$71.03
48354	12/30/25	P	0511	AKESO OCCUPATIONAL HEALTH	\$638.50
48355	12/30/25	P	0588	CARDMEMBER SERVICE	\$3,362.39
48356	12/30/25	P	0441	CINTAS CORPORATION	\$72.40
48357	12/30/25	P	0145	CIVILTEC ENGINEERING INC	\$3,343.81
48358	12/30/25	P	0558	CONEXWEST	\$227.29
48359	12/30/25	P	0099	GRAINGER INC	\$1,100.16
48360	12/30/25	P	0423	KAREN BAROLDI	\$206.20
48361	12/30/25	P	0503	MICHELLE SAVAGE	\$21.94
48362	12/30/25	P	0534	ODP BUSINESS SOLUTIONS, LLC.	\$354.35
48363	12/30/25	P	0069	SOCALGAS	\$36.13
48364	12/30/25	P	0068	SOUTHERN CALIF EDISON CO	\$8,731.08
48365	12/30/25	P	0243	TAMMY WAGSTAFF	\$750.00
48366	12/30/25	P	0386	VERIZON WIRELESS	\$3,913.75
48367	12/30/25	P	0094	WECK LABORATORIES, INC	\$2,537.00
48368	01/09/26	P	0116	ACWA-JPIA	\$17,929.19
48369	01/09/26	P	0139	ACWA/JPIA	\$5,955.33
48370	01/09/26	P	0385	ADMIRAL PEST CONTROL	\$203.00
48371	01/09/26	P	0353	ARCO BUSINESS SOLUTIONS	\$2,205.90
48372	01/09/26	P	0441	CINTAS CORPORATION	\$36.20
48373	01/09/26	P	0164	EXCEL TELEMESSAGING	\$160.00
48374	01/09/26	P	0389	FRONTIER COMMUNICATIONS	\$104.06
48375	01/09/26	P	0569	GOTO COMMUNICATIONS, INC.	\$325.63
48376	01/09/26	P	0369	HIGHROAD INFO TECHNOLOGY	\$5,895.00
48377	01/09/26	P	0153	HOME DEPOT CR SERVICES	\$818.61
48378	01/09/26	P	0252	INFOSEND, INC	\$1,632.71
48379	01/09/26	P	0447	IVAN RAMIREZ	\$74.37

**La Habra Heights County Water District**  
**AP Check Register (Current by Bank)**

Check No.	Date	Status*	Vendor ID	Payee Name	Amount
48380	01/09/26	P	0545	J. RODRIGUEZ TREE CARE MAINT.	\$1,500.00
48381	01/09/26	P	0579	KONICA MINOLTA BUSINESS SOL.	\$91.67
48382	01/09/26	P	0051	LINCOLN FINANCIAL GROUP	\$3,188.96
48383	01/09/26	P	0430	MICHAEL SILANDER	\$4,762.50
48384	01/09/26	P	0503	MICHELLE SAVAGE	\$213.60
48385	01/09/26	P	0154	SECURITY FIRE PROTECTION	\$423.75
48386	01/09/26	P	0068	SOUTHERN CALIF EDISON CO	\$47,974.95
48387	01/09/26	P	0427	TPX COMMUNICATIONS	\$4,323.38
48388	01/09/26	P	0078	UNDERGROUND SERVICE ALERT	\$184.00
48389	01/09/26	P	0562	VERIZON	\$513.19
48390	01/09/26	P	0016	WATER REPLENISHMENT DISTRICT	\$58,348.08
48391	01/09/26	P	0094	WECK LABORATORIES, INC	\$2,304.00
48392	01/09/26	P	0583	WIENHOFF DRUG TESTING	\$17.00
48393	01/21/26	P	0597	411 COMMERCIAL	\$650.00
48394	01/21/26	P	0414	BRKICH CONSTRUCTION CORP	\$32,334.00
48395	01/21/26	P	0090	CALIF DOMESTIC WATER CO	\$1,204.50
48396	01/21/26	P	0013	CANNINGS HARDWARE	\$110.85
48397	01/21/26	P	0588	CARDMEMBER SERVICE	\$2,616.69
48398	01/21/26	P	0014	CENTRAL BASIN MWD	\$36,063.30
48399	01/21/26	P	0432	CHARTER COMMUNICATIONS	\$599.00
48400	01/21/26	P	0441	CINTAS CORPORATION	\$72.40
48401	01/21/26	P	0518	CLIFTON LARSON ALLEN LLP	\$1,979.25
48402	01/21/26	P	0599	CV STRATEGIES	\$6,943.75
48403	01/21/26	P	0575	D.L. AUTO, INC.	\$93.98
48404	01/21/26	P	0197	DELTA MOTOR CO, INC	\$5,605.00
48405	01/21/26	P	0062	ENERGY CONTROL HVAC	\$12,880.00
48406	01/21/26	P	0389	FRONTIER COMMUNICATIONS	\$900.00
48407	01/21/26	P	0099	GRAINGER INC	\$225.99
48408	01/21/26	P	0033	J A SALAZAR CONSTRUCTION	\$25,405.00
48409	01/21/26	P	0372	KERR CONSULTING	\$1,500.00
48410	01/21/26	P	0133	KONICA MINOLTA	\$133.03
48411	01/21/26	P	0001	LESLIE J. CONTRERAS	\$225.60
48412	01/21/26	P	0051	LINCOLN FINANCIAL GROUP	\$10,136.43
48413	01/21/26	P	0453	MATTHEW CERDA	\$250.00
48414	01/21/26	P	0174	MICHELLE PEREZ	\$204.00
48415	01/21/26	P	0503	MICHELLE SAVAGE	\$193.60
48416	01/21/26	P	0594	NOBEL SYSTEMS, INC.	\$10,300.00
48417	01/21/26	P	0185	S.C.W.U.A.	\$40.00
48418	01/21/26	P	0068	SOUTHERN CALIF EDISON CO	\$13,564.97
48419	01/21/26	P	0037	SWRCB	\$17,940.00
48420	01/21/26	P	0466	TRI COUNTY PUMP COMPANY	\$29,814.89
48421	01/21/26	P	0268	UNIVAR USA, INC	\$1,588.38
48422	01/21/26	P	0012	VULCAN MATERIALS COMPANY	\$1,037.74
48423	01/21/26	P	0577	WARE DISPOSAL	\$331.13
48424	01/21/26	P	0094	WECK LABORATORIES, INC	\$1,528.00
<b>BANK 13110 REGISTER TOTAL:</b>					<b>\$541,988.38</b>
<b>GRAND TOTAL :</b>					<b>\$563,786.26</b>

\* Check Status Types: "P" - Printed ; "M" - Manual ; "V" - Void ( Void Date ); "A" - Application; "E" - EFT\*\* Denotes broken check sequence.



Civil, Water, Wastewater, Drainage and Transportation Engineering  
Construction Management • Surveying  
California • Arizona

December 23, 2025

La Habra Heights County Water District  
1271 North Hacienda Road  
La Habra Heights, CA 90631

Attention: Joe Matthews, General Manager

Subject: Engineering Activities for the Month of **November 2025**  
Invoice Backup Support - Billing Period through November 30, 2025

Dear Mr. Matthews:

The La Habra Heights County Water District requires Engineering Support from **CIVILTEC engineering, inc. (Civiltec)** at times on various projects. This work is provided on a time and materials basis when requested and directed by LHHCWD management. Following is an explanation of time spent backing up the **November 2025** invoicing. The numbering system is the **Civiltec** project number and tracking system.

**2025143.00 – General Engineering Support FY25-26.** This project has been established to aid the District in general engineering inquiries, participate in meetings, hydraulic modeling and calibration and overall engineering support. The total budget for General Engineering Support has been established at \$25,000.00 for each Fiscal Year. Below is an accounting of expenditures under this **Civiltec** job number for FY 2025-26.

There were no expenditures in November 2025. The remaining budget is \$25,000.00.

**2025144.00 – Engineering Fire flow Modeling FY25-26.** This project has been established to aid the District with computer model simulations for fire flow requests by LHHCWD customers. Below is an accounting of expenditures under this **Civiltec** job number for FY 2025-26.

There were expenditures in the month of November 2025 totaling \$1,045.00. We have set up project numbers per fire flow simulation. We are using this main number 2025144 and have put on extensions starting with .01 for the first request.

2025144.08 Fire Flow Modeling – Canada Sombre	\$457.50
2025144.09 Fire Flow Modeling – 1440 Popenoe Rd	\$587.50

**2022169.00 – Well No. 12 Well Siting Study.** LHHCWD plans to drill a new well in the Judson Well Field. The overall budget for the project is \$157,770.00. There were no expenditures in



November 2025. The District is currently considering the destruction of Well No. 9 and civil improvements to the Well No. 9 discharge pit. The remaining budget is \$27,946.50.

**2024807.00 – PFAS Grant Application.** LHHCWD is working with WRD to secure grant funding for a new PFAS Treatment Plant. Grace Kast is preparing the grant funding applications to WRD and assisting with the EPA grant. *Civiltec* staff is supporting Ms. Kast with as needed cost estimating and preparing exhibits. The budget established for the *Civiltec* effort is \$15,915.00. There were no expenditures in the month of November 2025. The remaining budget is \$906.25.

**2024814.00 – PFAS Treatment Plant Design.** We have stopped the development of the final design documents until proposals from treatment systems suppliers are received, a supplier selected, and supplier equipment data sheets obtained. This approach will allow the project team to have in hand the supplier's equipment submittals for incorporation into the final design documents and the procurement schedule which will provide the ability to better forecast the required timing of obtaining a general contractor for installation. We are on standby awaiting the District's decision to move forward with the RFP. The budget established for the *Civiltec* effort is \$421,360.00. There were no expenditures in the month of November 2025 totaling. The remaining budget is \$111,427.00.

**2023149.00 – Reservoir 10A Rehabilitation.** The Reservoir 10A project is complete and was placed into service in mid November 2024. The Notice of Completion has been signed by all parties and was recorded in November 2024. The overall budget is \$147,930.00. The one-year warranty inspection has been completed by Dive Corr. *Civiltec* has communicated with PRT and has made a site visit to inspect the roof. The site visit was attended by Sanjay Verma of Civiltec, J. Colon and Tony Hobbs of Tnemec Coatings. A game plan was developed to implement the coatings repair, and the work is scheduled for after January 1, 2026. There were expenditures in the month of November 2025 totaling \$2,298.81. The remaining budget is \$3,889.94.

I hope this information helps with your processing of the project invoices. Please let me know if you have any questions.

Very truly yours,

*CIVILTEC engineering, inc.*

A handwritten signature in dark ink, appearing to read 'W. David Byrum', is written over a horizontal line.

W. David Byrum, P.E.  
President/CEO, Principal Engineer

# Michael Silander

Attorney at Law

3625 E. Thousand Oaks Blvd., Suite 224

Westlake Village, CA 91362

## INVOICE

DATE: JANUARY 1, 2026

**TO:**

La Habra Heights County Water District

1271 Hacienda Road

La Habra Heights, CA 90631

**PLEASE REMIT PAYMENT TO:**

Michael Silander

3625 E. Thousand Oaks Blvd., Suite 224

Westlake Village, CA 91362

**SPECIFICATIONS:**

**LHHCWD/TOTAL**

Invoice for legal services rendered in December 2025.

MATTER	HOURS	AMOUNT
Transactional - General	28.1	\$3,512.5
Retainer	Flat fee	\$1,250.00
		<b>TOTAL:</b> <b>\$4,762.50</b>

Please make all checks payable to Michael Silander

If you have any questions concerning this invoice,

please email [michael@silanderlaw.com](mailto:michael@silanderlaw.com) or call 805-490-9247

## **Credit Card Transactions**

### ACCOUNT ACTIVITY

Date of Transaction	Merchant Name or Transaction Description	\$Amount
12/29	TOWN AND COUNTRY-LOD 619-2917131 CA – Refund on hotel room deposit AWWA	-286.47
01/03	Payment Thank You Image Check	-3,362.39
12/12	BESTBUYMK807121431996 888BESTBUY MN – iPad cases/covers	216.81
12/16	SP FALLPROTECTION FALL PROTECTIO WI – Fall protection equipment for MG Reservoir	758.16
12/17	SP TACKFORM -DZINE TACKFORM.COM IL– Truck mounts for iPad	888.35
12/17	TST*EL CHOLO – LA HABRA La Habra CA – Christmas Luncheon for LHHCWD staff	315.11
12/30	SCWUA January 2026 Mee 162-6385715 CA – Luncheon for Joe Matthews	40.00
12/30	SCWUA DUES WWW.SCWUA.ORG CA – Annual Dues for Ivan Ramirez	40.00
12/30	SCWUA January 2026 Mee 162-6385715 CA – Luncheon for Ivan Ramirez	40.00
01/05	NNA SERVICES LLC WWW.NATIONALN CA – Notary Subscription and Class Training for Michelle Perez	564.73
01/09	SCWUA January 2026 Mee 162-6385715 CA – Luncheon for Joe Matthews	40.00

# **SUPERINTENDENT'S REPORT**



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## LA HABRA HEIGHTS COUNTY WATER DISTRICT

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### MEMORANDUM

**DATE: 1/20/26**

**TO: JOE MATTHEWS, GENERAL MANAGER  
& BOARD OF DIRECTORS**

**FROM: IVAN RAMIREZ, SUPERINTENDENT**

**SUBJECT: SUPERINTENDENT'S REPORT FOR DECEMBER 2025**

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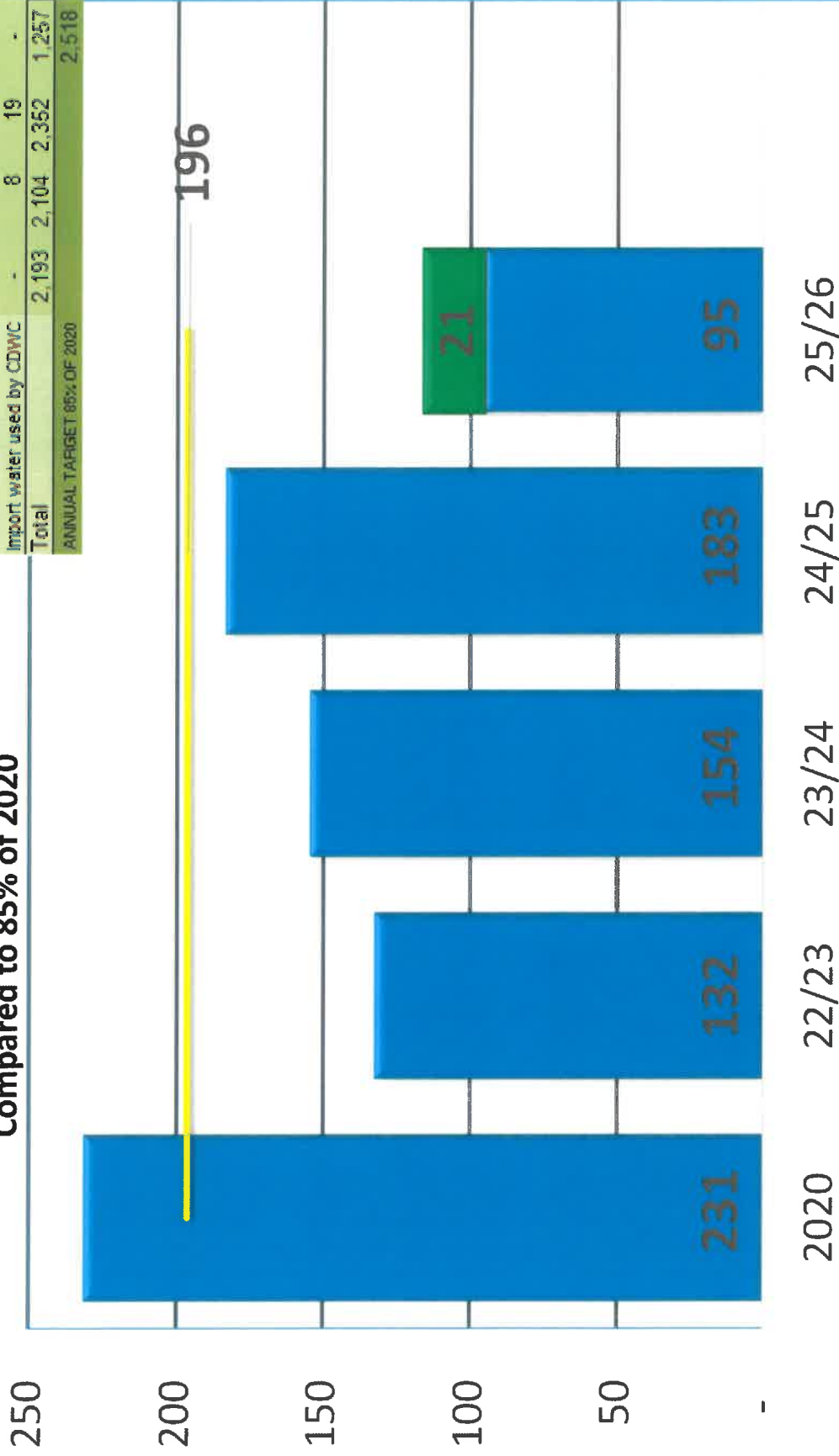
#### **System and Equipment Maintenance**

- Repaired one service leak, and J.A. Salazar relocated a leaking fire hydrant on Fullerton Road due to slope/soil creep.
- Plant 2 - Pump #3 was installed by Tri County Pump and all four pumps are now available for emergency use as needed.
- Well # 10 motor is being pulled for repairs. GJR Electric re-tested and found the soft start was not the problem, the motor needs to be re-wound.
- Nobel Systems installed a GPS recording device to our valve turning truck to add and save coordinates of all our valves in our system.

# LA HABRA HEIGHTS COUNTY WATER DISTRICT

Production in acre feet for **DECEMBER**

Compared to 85% of 2020



- 2020 Import
- Import water used by California Domestic Water Company from District's Central Basin Municipal Water District connection
- Groundwater
- 85% of 2020 Month Target

**DISCUSS AND APPROVE  
H2O QUARTERLY NEWSLETTER**

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## LA HABRA HEIGHTS COUNTY WATER DISTRICT

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### MEMORANDUM

**DATE:** JANUARY 27, 2026  
**TO:** BOARD OF DIRECTORS  
**FROM:** JOE MATTHEWS, SECRETARY/GENERAL MANAGER  
**SUBJECT:** QUARTERLEY NEWSLETTER

---

CV Strategies has completed their draft quarterly newsletter for our review. I added a short message about the District's backflow prevention self-assessment to inform customers that we have started working on the state-required program.

We will begin by asking customers to participate in self-assessments approximately two weeks after we publish and send the newsletter.



# H<sub>2</sub>O Pipeline

SPRING 2026

A PUBLICATION OF LA HABRA  
HEIGHTS COUNTY WATER DISTRICT

We are excited to share a refreshed District newsletter for 2026, designed to better connect with the La Habra Heights community and reinforce our commitment to providing clean, reliable water for generations to come. You will find timely updates on water quality, conservation, and customer services.

## Save Time, Pay Online



Pay your LHHCD water bill easily and securely anytime, from anywhere, using our online payment portal. Manage your account at your convenience, from a computer or mobile device. **Benefits of paying online include:**

- 24/7 account access on the go
- Enroll in auto-pay to avoid late fees
- Faster payment processing
- No checks or postage

Payments can be made online using a debit or credit card, or automatically drafted from your bank account to avoid processing fees.



### SIGN UP TODAY!

Visit [www.lhhcd.com](http://www.lhhcd.com) and click 'Online Bill Pay' to get started. If you have questions or need assistance setting up your account, please contact the District office at (562) 697-6769 or by emailing [customer@lhhcd.com](mailto:customer@lhhcd.com).

## Protecting Our Community's Water An update on PFAS testing and treatment

### What Customers Need to Know

Recent testing of our water system showed levels of perfluorooctanoic acid (PFOA) above the state's response level at two District wells. **There is no emergency, and customers do not need to take any immediate action, such as using bottled water.** In other words, your tap water remains safe to use.

Health experts tell us that these levels do not pose an immediate health risk. While long-term exposure to PFOA over many years may be linked to certain health effects, these results are not considered a high-level exposure. We understand that water quality is personal, and customers with individual health concerns may wish to talk with their healthcare provider.



PFOA is one of a larger group of chemicals known as PFAS, or per- and polyfluoroalkyl substances. These chemicals were commonly used for many years in everyday items like nonstick cookware and other household and industrial products. Because PFAS do not break down easily and have been found in water sources across the country, federal and state agencies have taken steps to regulate certain PFAS compounds more closely.

In April 2024, the U.S. Environmental Protection Agency set a new limit for how much PFOA can be in drinking water, with California's Division of Drinking Water adopting the same standard. The new limit of 4 parts per trillion (ppt) is very small and can be hard to picture. To put it simply, one part per trillion is like one drop of water in 20 Olympic-size swimming pools. Water systems across the country have been given time to complete monitoring and put solutions in place where needed.

### How the District Is Responding

The District is focused on staying ahead of these requirements. We continue to test for PFAS every quarter and are working closely with an engineering firm to plan long-term treatment solutions.

Providing safe, reliable water to our community is the top priority, and we are committed to keeping customers informed as this work moves forward.

For the latest information, visit [www.lhhcd.com](http://www.lhhcd.com).





# Kick Off 2026 With These Water-Saving Habits

Small choices made at home can have a big impact on our community's water supply. La Habra Heights relies on careful water management, and every customer plays an important role in using water wisely. The good news is that conserving water does not require major changes. **A few simple habits can help reduce demand, protect local resources, and support long-term reliability.**

*Use the checklists below to keep track of your water-saving habits throughout the year.*



How many can you check off? Small habits add up!

## INDOOR CHECKLIST

- ☐ Turn off the faucet when brushing teeth, shaving, or washing dishes by hand
- ☐ Run the dishwasher and washing machine only with full loads
- ☐ Take shorter showers (even by a minute or two)
- ☐ Check for and fix leaky toilets and faucets
- ☐ Reuse rinse water from fruits and vegetables to water houseplants

## OUTDOOR CHECKLIST

- ☐ Reset watering schedules for the cooler season to avoid over-watering
- ☐ Water early in the morning to reduce evaporation
- ☐ Check irrigation systems for leaks or broken sprinkler heads
- ☐ Use a broom (instead of a hose) to clean driveways and sidewalks
- ☐ Adjust sprinklers so water stays on plants, not pavement

### DID YOU KNOW?

*Even small leaks can waste hundreds of gallons of water each month. Checking fixtures regularly helps save money and protect our water supply.*

Every gallon saved helps reduce strain on our water system and supports reliable service for La Habra Heights and communities throughout California. Thank you for doing your part in 2026.

For additional water conservation tips, scan the QR code.



## Keeping Drinking Water Safe With Cross-Connection Control



La Habra Heights County Water District is committed to protecting the quality and safety of our community's drinking water. Preventing cross connections and backflow is an important part of that effort, helping ensure clean, reliable water while meeting State of California regulations. Backflow can occur when water pressure drops on the District's side of the meter, allowing water from a customer's plumbing system to flow backward into the public water supply. Preventing this risk helps protect public health and the safety of our entire water system.

To support this program, the District provides a Residential Cross Connection Hazard Assessment Survey, which allows customers to complete a simple self-inspection when starting new water service. Completing and returning this form is required to receive water service and helps prevent accidental contamination. To fill out the survey, visit <https://qrco.de/bgZEVG> or scan the QR



The District also conducts follow-up inspections when needed, coordinates inspections for all non-residential properties, and requires testing of installed backflow prevention assemblies within the service area. **Learn more about cross-connection control and backflow prevention at: <https://qrco.de/bgZEWS>**

### District Mission

*To provide high-quality potable water service at a reasonable cost to the public residing within the District boundaries.*

### Board of Directors:

Brad Cooke, President  
Pam McVicar, Vice President  
Karen Baroldi, Director

Mark Perumean, Director  
James Crabb, Director



1271 N. Hacienda Road,  
La Habra Heights, CA 90631

Call: (562) 697-6769

Monday through Friday:  
7:30 a.m. – 5:00 p.m.

[www.lhhcwd.com](http://www.lhhcwd.com)

**DISCUSS AND APPROVE  
REVISIONS TO THE DISTRICT  
CROSS CONNECTION CONTROL  
PLAN**

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## LA HABRA HEIGHTS COUNTY WATER DISTRICT

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### MEMORANDUM

**DATE: JANUARY 27, 2026**  
**TO: BOARD OF DIRECTORS**  
**FROM: JOE MATTHEWS, SECRETARY/GENERAL MANAGER**  
**SUBJECT: REVISED CROSS CONNECTION CONTROL PROGRAM**

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On April 22, 2025, the District adopted our current Cross Connection Control Plan. The current plan allows the District authority and power to amend, alter, revise, and make supplements to the Cross Connection Control Program as needed to comply with State requirements and to maintain effective water quality standards.

I recommend replacing section 42 of the District's Rates, rules, and regulations with the revised plan for the following reasons:

- To remove the use of a tester portal designed to accept and store annual test results.
- To remove language stating we will employ a certified Cross Connection Control Specialist because we are not subject to that state requirement.
- To replace the name of an employee no longer employed by the District.
- To correct minor grammar and punctuation errors.

At the time we adopted the current Cross Connection Control Plan, I informed the board I was researching companies and platforms designed to assist with required Hazard Assessments of each service in our system. After finding other platforms charged too much for the services, I chose a system from Nobel that will fulfill our Hazard Assessment and test record retention needs. This system does not allow testers to submit electronically however it does allow for required record retention of those results.



## LA HABRA HEIGHTS COUNTY WATER DISTRICT CROSS CONNECTION CONTROL PROGRAM

La Habra Heights County Water District (District), designated as CA1910218, is a public agency dedicated to providing safe and reliable drinking water to the communities of La Habra Heights, unincorporated areas of Los Angeles County, and small portions of the cities of Whittier and La Habra. The District serves approximately 5650 residents and maintains nearly 2006 service connections across its service area, which spans the south eastern region of Los Angeles County. Currently, there are no recycled water distribution lines within the District's jurisdiction.

The District holds the crucial responsibility of protecting the public water supply from potential contamination caused by cross connections. Cross connections, which occur when non-potable water sources or other substances have the potential to enter the potable water system, pose significant health risks if not properly managed. To mitigate these risks, the District has established a Cross Connection Control Program to prevent backflow incidents and ensure compliance with all regulatory requirements.

### Program Overview

The District's cross-connection program encompasses a total of 2006 service connections, and 9 temporary construction meters, categorized into five groups:



This Program has been developed in accordance with the California State Water Resources Control Board (SWRCB) outlines the policies, procedures, and preventative measures implemented by the District to safeguard water quality, protect public health, and maintain regulatory compliance. Through systematic testing, inspection, and enforcement of backflow prevention requirements, the District remains committed to upholding the highest standards of water system integrity and safety.

Upon adoption of Resolution 25-05, this Cross Connection Control Program repeals and replaces, in its entirety, in the District's Rates, Rules, and Regulations, Section 42 – Cross Connection Control Plan.

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## 1. Definitions

**Air Gap Separation (AG):** A physical vertical separation of at least two (2) times the effective pipe diameter between the free-flowing discharge end of a potable water supply pipeline and the flood level of an open or non-pressurized receiving vessel, and in no case less than one (1) inch. (2.54 cm).

**ABPA:** American Backflow Prevention Association

**AWWA:** American Water Works Association

**Approved Backflow Prevention Assembly:** Backflow prevention assemblies approved by the Foundation for Cross-Connection Control and Hydraulic Research at the University of Southern California.

**Approved water supply:** A water source that has been approved by the State Water Board for domestic use in a public water system and designated as such in a domestic water supply permit issued pursuant to section 116525 of the CHSC.

**Auxiliary Water Supply:** Any water supply on or available to the premises other than the potable water distribution system supply from the District.

**Backflow Prevention Assembly:** or "BPA" means a mechanical assembly designed and constructed to prevent backflow, such that while in-line it can be maintained and its ability to prevent backflow, as designed, can be field tested, inspected and evaluated.

**Backflow:** The undesirable reversal of flow of water or mixtures of water and other liquids, gases or other substance into the distribution pipes of the potable supply of water from any source or sources. Backpressure is one cause of backflow. Back-siphonage is the other cause.

**Backpressure:** Any elevation of pressure in the downstream piping system (by pump, elevation of piping, steam pressure, air pressure, etc.) above the supply pressure at the point of consideration, which would cause or tend to cause a reversal of the normal direction of flow.

**Back-siphonage:** A form of backflow due to a reduction in system pressure, which causes a sub-atmospheric pressure to exist in the water system.

**Certified Testers and Cross-Connection Specialists:** Only persons with a valid certification from an ANSI-accredited certifying organization shall satisfy the requirements of testing the Districts BPAs. Note: This does not preclude the local health agency from maintaining a BPA tester or specialist certification program for field testing BPAs in the health agency's jurisdiction.

**Connection:** The point of connection of a user's piping to the water supplier's facilities.

**Contamination:** A degradation of the quality of the potable water by any foreign substance which creates a hazard to public health, or which may impair the usefulness or quality of the water.

**Cross-Connection:** Any actual or potential connection or structural arrangement between a public or consumer's potable water system, and any other source or system through which it is possible to introduce into any part of the potable system any used water, industrial fluid, gas, or substance other than the intended potable water with which the system is supplied.

**An indirect cross-connection:** is a cross-connection that is subject to back-siphonage only.

**A direct cross-connection:** is a cross-connection that is subject to both back-siphonage and backpressure

**DDW:** Division of Drinking Water of the SWRCB

**District:** La Habra Heights County Water District

**Double-check Valve Backflow Prevention Assembly (DC):** An assembly composed of two independently acting, approved check valves including tightly closing resilient-seated shut-off valves attached at each end of the assembly and fitted with properly located resilient seated test cocks.

**Health Agency:** Los Angeles County Department of Public Health (LADPH), also known as LA County Health Department.

**LACDPH:** Los Angeles County Department of Public Health

**Pollution:** An impairment of the quality of the water to a degree which does not create an actual hazard to the public health, but which adversely affects such waters for domestic use.

**Potable:** Water that is approved and safe for human consumption (drinking).

**Non-Potable:** A liquid or water that is not approved for safe drinking but may have other uses (i.e. landscape irrigation).

**Potable Water Distribution System:** La Habra Heights County Water District's publicly owned water system operating under a valid permit from the State Water Resource Control Board to supply water for domestic purpose. This system includes all sources, facilities and appurtenances between the source and the point of delivery.

**Premises:** Any and all areas on a customer's property that are served or have the potential to be served by the District's potable water distribution system.

**Reduced Pressure Principle Backflow Prevention Assembly (RPZ or RP):** An assembly containing two independently-acting, approved check valves together with a hydraulically operating, mechanically independent pressure differential relief valve located between the check valves, and at the same time below the first check valve. The unit shall include properly located, resilient-seated test cocks and tightly closing, resilient-seated shutoff valves at each end of the assembly.

**SWRCB:** State Water Resource Control Board

**Water Supplier:** La Habra Heights County Water District or the District.

**Water User:** Any person obtaining water from an approved water supply system

## 2. Cross-Connection Control Policy Resolution

La Habra Heights County Water District (District) adopted Resolution 25-05 (Exhibit A) on April 22, 2025, granting the District the authority to implement this Cross-Connection Control Program (Program). This Program was written in collaboration with members of other public water agencies using pooled resources of Cross Connection Control Specialists. The Resolution provides the District legal authority to take corrective actions if a customer fails to comply in a timely manner with the District's requirements regarding the installation, inspection, field testing, or maintenance of backflow prevention assemblies.

The requirements of the Program are pursuant to the State Water Resources Control Board’s Cross-Connection Control Policy Handbook (CCCPH), as well as the District’s Rates, Rules, and Regulations, which encompasses the Program.

The District will not provide water service (except for testing purposes) until the customer complies with the District’s cross connection requirements.

If the customer fails to comply with the District’s installation and maintenance requirements, the District may proceed with the corrective action provisions stipulated in the Resolution. The District holds the authority to deny or discontinue water service for noncompliant customers.

3. Cross-Connection Control Program Coordinator

The General Manager of the District, Joe Matthews, will be the Cross Connection Control Coordinator responsible for administering the Program. ~~and will employ at least one certified Cross-Connection Control Specialist (Specialist)~~ As an alternative, or when no staff or employees are properly qualified, the District may retain a certified Specialist on contract to provide the necessary expertise and services. The Cross Connection Control Coordinator will be responsible for:

- Developing and implementing the Program
- Establishing general policy direction and risk management decisions
- Reviewing and approving all Hazard Assessments
- Reporting, tracking, and other administrative duty oversight

The District may also contract with companies or platforms authorized to engage in Cross Connection Control operations, track and distribute backflow prevention assembly notifications for testing, recordkeeping, tester verification, and other requirements of the Program.

The District’s Program was developed in consultation with Cross-Connection Control Specialists from the Public Agency Water Group (PWAG) and lead by the following Cross-Connection Control Specialist:

<b>Name of Coordinator</b>	<b>Tara Robinson</b>
<b>Telephone Number</b>	818-429-6981
<b>Email Address</b>	trobinson@vcwd.org
<b>CCCS Certification Number</b>	01808
<b>Certifying Agency</b>	CA-NV AWWA

The following identifies the current authorized designees employed by the District:

<b>Name of Designee</b>	<b>Ivan Ramirez</b>
<b>Telephone Number</b>	562-697-6769
<b>Email Address</b>	ivan@lhcwd.com
<b>Name of Designee</b>	<b>Matt Cerda</b>

**Telephone Number** 562-697-6769  
**Email Address** Mcerda@lhhcwd.com

**Name of Designee** **Michelle Savage**  
**Telephone Number** 562-697-6769  
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**Telephone Number** 562-697-6769  
**Email Address** Mtafolla@lhhcwd.com

#### 4. Hazard Assessments

In accordance with the CCCPH, the District will conduct both initial and ongoing hazard assessments to identify and mitigate potential cross-connection risks. These assessments will be carried out using a combination of on-site evaluations performed by the District's authorized designees and customer-completed surveys to gather essential information about potential hazards. All hazard assessments will be thoroughly reviewed and approved by the Cross-Connection Control Program Coordinator to ensure compliance.

Subsequent to the initial hazard assessment the District will perform hazard assessments under the following criteria:

- a user premises changes account holder (excluding single-family residences);
- a user premises is newly or re-connected to the District's water system;
- evidence exists of changes in the activities or materials on a customer's premises;
- backflow from a user's premises occurs;
- the State Water Board requests a hazard assessment of a customer's premises;
- the District concludes an existing hazard assessment may no longer accurately represent the degree of hazard; and
- periodically (pursuant to CCCPH section 3.1.4.).

The District will require all new residential customers to complete a Residential Cross Connection Hazard Assessment Survey (Exhibit B) with the application for water service. A completed Residential Cross Connection Hazard Assessment Survey provided by the customer may result in further investigation.

If a customer fails to provide the required information for a hazard assessment or does not submit a completed Customer Survey, the District may take corrective actions to protect the public water system. This may include requiring the installation of a Reduced Pressure Principle (RP) device or an Air Gap (AG) for premises containment, in accordance with established policies. Additionally, the District reserves the right to implement other appropriate

measures as necessary to ensure compliance. Any costs associated with these actions will be billed to the customer.

As an alternative to the above requirements for a hazard assessment or survey, the customer may agree to install an approved AG or RP for premises containment as a condition of service.

*The District shall not be responsible for abatement of cross-connections which may exist within a user's premises.*

#### **Cross-Connection Hazard Survey Schedule for Initial Hazard Assessments**

The schedule for initial hazard assessments is outlined in the following table. The schedule starts from the date the program is established:

Initial Assessment Task	Schedule
Assessment of District facilities	Within 90 days
Assessment of all new connections	At time of application for water service
Assessment of high-hazard premises which are listed on Appendix D of the CCCPH and premises with BPA's currently in use	Within 24 months
Identification and assessment of hazardous premises supplemental to Appendix D of the CCCPH	Within 36 months
Identification of residential connections with special plumbing facilities and/or water use on the premises	On a continuous basis

#### **Cross-Connection Hazard Survey Schedule for Subsequent Hazard Re-Assessments**

The frequency of hazard re-assessments is outlined in the following table:

Type of Service	Frequency of Re-Evaluation
Any services with RP or AG installed for premises containment	If evidence exists of changes in the activities or materials on a user's premises, if a user changes account holder, excluding residential, or if backflow from a user's premises occurs (survey)
Commercial or Industrial services protected with less than a RP for premises containment	Every 5 years and upon change in use or ownership (survey)
Residential services protected with less than a RP for premises containment	Every 4-5 years (survey)

## District Facilities

The District will conduct comprehensive assessments of its facilities to identify and mitigate potential cross-connection risks. All facilities producing, treating, storing, or distributing drinking water must have proper internal protection from cross-connections to ensure that all drinking water produced and delivered to customers is protected from cross-connections. The District will complete its requirements within its allotted timeframe given in its response to the SWRCB's Sanitary Survey conducted April 27, 2023.

## User Supervisor

Per the CCCPH, the SWRBC and District may, at their discretion, require a customer to designate a User Supervisor when the user premises has a multi-piping system that conveys various types of fluids and where changes in the piping system are frequently made. The User Supervisor will be responsible for the avoidance of cross-connections during the installation, operation and maintenance of the customer's pipelines and equipment.

The User Supervisor represents the owner, tenant, or property manager as a liaison to the District. The Site Supervisor must have the authority to carry out any requirements of the District. It is recommended that the Site Supervisor be an employee who is permanently stationed at the user's site. At a minimum, the Site Supervisor must make frequent visits to the site.

The User Supervisor will be trained on the fluids used and backflow protection for the premise, must inform the District of changes in piping, and maintain current contact information on file with the District. The designated Site Supervisor must attend a Site Supervisor Certification Workshop, provided by the District.

User Supervisors:

- Are responsible for the operation, maintenance, and prevention of potential cross connections to the potable water system
- Must be present at all hazard assessments and cross-connection control surveys
- Must inform the District of any cross-connection incidents
- Are expected to know the provisions contained in the SWRBC's CCCPH
- Are expected to know the basic concepts of backflow and cross-connection prevention, and emergency response procedures
- Are responsible for training personnel at the site on the proper protection of the potable water system

## 5. Backflow Prevention Requirements

The District will require that water service to all commercial customers be isolated at the meter by an approved RP device. However, at its discretion, the District may permit the continued use of an existing device, provided it offers a level of protection equal to the degree of hazard present at the customer's premises. If a device fails testing, it must be replaced with an RP device upon notification of the failure. All high-hazard connections, as specified in Appendix D of CCCPH (replicated as Exhibit C), must be isolated using an RP or AG device.

All customers requiring backflow prevention must ensure that the required premises containment meets the following conditions:

- The backflow prevention assembly must be purchased and installed by the customer (at the customer's expense) immediately downstream of the water meter, in full compliance with the District's standards.
- The assembly must be properly maintained, tested, and inspected in accordance with the District's requirements outlined in this plan.



Under special circumstances, the District may grant an exception allowing the use of a Double Check Valve (DC) device, provided it offers protection equivalent to the degree of hazard. In such cases, A written exception letter must be obtained from the District.

*The District recognizes the city of La Habra Heights and Los Angeles County's authority over fire protection systems and will not override their decisions unless a customer's fire protection system is specifically designed to accommodate the pressure drop associated with a RP device. Since fire protection systems are approved and regulated by the city of La Habra Heights and Los Angeles County, any modifications to these systems fall outside the District's jurisdiction. However, in the interest of public health and water quality protection, the District will strongly advise customers against adding chemicals to their fire protection systems, as such systems are now required by the California CCCPH to have RP protection within 10 years after District adoption of this program.*

#### Approved Backflow Preventers and Installation

Any backflow prevention device or assembly required herein shall be manufactured in full conformance with the standards established by at least one of the following:

- Standards found in Chapter 10 of the *Manual of Cross-Connection Control, Tenth Edition*, published by the University of Southern California Foundation for Cross-Connection Control and Hydraulic Research
- Certification requirements for BPAs in the Standards of ASSE International

All presently installed backflow prevention assemblies which do not meet the requirements of this section but were approved assemblies for the purposes described herein at the time of installation and which have been properly maintained, shall, except for the field testing and maintenance requirements, be excluded from the requirements of these rules so long as the District is assured that they will satisfactorily protect the District's water system. Whenever the existing device is moved from the present location, **requiresit requires** more than annual testing, or when the maintenance constitutes a hazard to health, the unit shall be replaced by an approved backflow prevention assembly meeting the requirements of District, at the expense of the customer.

Devices with unapproved modifications or in an unapproved configuration or orientation will be retrofitted with an approved method of backflow prevention installed in accordance with District's installation requirements, at the expense of the customer.

Existing systems with a single detector check valve will not require retrofit provided the check valves are tested in accordance with NFPA 25 requirements and do not require repair or replacement. If the existing single detector check does not meet NFPA 25 requirements and/or requires repair or replacement, then a minimum DC protection shall be installed and brought above grade. New customers are required to upgrade the backflow protection to current standards prior to water service being provided. Notwithstanding anything contained herein, installations that create a risk to public health will require retrofit.

#### Schedule for Installation of Backflow Preventers

The schedule for installation of backflow preventers when deemed necessary based on the hazard evaluation is outlined in the following table:

Type of Service	Schedule
New connections with cross-connection hazards	Before service is initiated
Existing connections with Appendix D-type hazards and other high cross-connection hazards	60 days after notification
Existing connections with other than Appendix D of CCCPH or high cross-connection hazards	90 days after notification

Existing fire protection systems not using chemicals	10 years after adoption of program
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The District recognizes options of fire protection systems designed to protect water quality in the event of a backflow incident.

- Those using a multipurpose configuration in which the same piping inside the customer premise supplies both domestic water fixtures and fire sprinkler heads.
- Those that use a single tapped connection line in stand-alone configuration with a passive purge feature to maintain acceptable water quality.
- Any fire protection system approved by the appropriate regulatory agency that is designed to continually circulate, leaving no stagnant water throughout a customer's water system.

The District may designate these fire protection system options as non-hazardous, provided the owner of such systems can submit documentation pre-approved by the District supporting the system was planned, permitted, and inspected by the appropriate regulatory agency prior to connection to the District's water system. Note that to negate the requirement for backflow prevention in multipurpose and passive purge (flow through systems), the sprinkler system must be constructed of materials approved for potable water.

All fire protection systems using chemical or **antifreezeanti-freeze** additives and all newly permitted fire protection systems not designated as multipurpose and passive purge systems will require the installation of an RP backflow prevention device isolating the fire protection system from the District's potable water supply and rest of the customer's water system.

The District may consider granting an extension of time for installation of backflow preventer for an existing connection if requested by the customer. A written exception must be obtained from the District.

## 6. Certified Backflow Prevention Assembly Testers

The District will maintain an updated list of certified backflow testers, pre-approved by the District, to conduct backflow assembly testing. This list will be reviewed and revised annually, or more frequently if necessary, and will be provided to customers alongside their annual testing notices. All testers are required to adhere to the guidelines outlined in the CCCPH and comply with all District requirements. Testers working within the District's service area must ~~sign and agree to and submit a signed the~~ Tester Code of Conduct (Exhibit F) ~~and maintain active registration in the District's backflow prevention assembly testing port~~ Active registration within the District's backflow prevention assembly testing portal requires the submission and possess a valid, up-to-date proof of backflow prevention assembly tester certification, along with calibration and accuracy test results for backflow test kits ~~to the District when submitting all test results -The submission~~ The District will have final approval ~~for on~~ the acceptance of the submitted documentation.

The District's Coordinator may suspend or revoke approval of an individual backflow **testerstester** and or company from the list of approved testers if the individual or company fails or refuses to comply with the District's Cross-Connection Control Program, Policies and Regulations or engages in dishonest business practices, fails to maintain a valid backflow tester certification or installs, repairs or tests backflow assemblies in a negligent manner. Failure to abide by any of these requirements may be grounds for exclusion from the approved testers list.

The District’s Coordinator will report incidences of fraud or gross incompetence or negligence on the part of any backflow to the certifying entity as well as any other agencies or authorities.

**Quality Assurance**

The District will review backflow preventer inspection/test report forms submitted within 30 days of receipt. The District will provide follow-up on any backflow assemblies or test reports that are found to be deficient. At the District’s discretion, the District Coordinator may require additional tests on backflow assemblies previously tested by a backflow tester.

**7. Backflow Prevention Assembly Testing**

**Inspection and Testing of Backflow Preventers**

All backflow preventers that the District relies upon for protection of the water system will be subject to inspection and testing. The District will assess backflow preventers for proper application and installation.

The customer is responsible for ensuring the inspection and testing of backflow preventers at their premises. The customer must hire, at their expense, a District-approved certified backflow tester to perform the inspection and test.

If any assemblies are found to be defective, the customer must repair or replace them and provide proof of testing certification as described elsewhere herein, within 30 calendar days, or service will be discontinued. Discontinued service may be subject to fees granted by the Resolution.

**Approved Test Procedures**

The District will require that all assemblies relied upon to protect the public water system be tested in accordance with approved test procedures as specified in CCCPH Article 3.

**Notification of Inspection and/or Testing**

The District or the District’s approved Consultant will provide written notice to all Customers with backflow preventers, requiring them to have their backflow preventer(s) inspected and/or tested. Notices will be sent at least 30 days before the due date of the inspection and/or test. The notice will also specify the deadline for submitting the inspection/test report to the District. If the District has not received a passing test report within the designated timeframe, enforcement policies will be applied.

**Backflow Assembly Test Reports**

Backflow testers must submit the completed test report **to via the District’s backflow prevention assembly testing portal before the due date specified in the annual testing notice. Test reports will only be accepted through physical delivery, U.S. mail, or electronically via email to the District, through the District’s backflow prevention assembly testing portal** Test results must be submitted electronically within five (5) calendar days of the test date. Failing test results must be submitted within 24 hours of the test date.

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**Repairs**

Any assembly that fails routine testing shall be repaired or replaced within thirty (30) days of the initial test date. The customer must notify the District if repairs or replacement cannot be made within the specified period. District shall

determine the level of risk the failed assembly presents to the water supply and, if necessary, discontinue water service.

Only Original Equipment Manufacturer (OEM) parts shall be used to repair backflow prevention assemblies. If OEM replacement parts are not available, then an approved backflow prevention assembly must be installed to replace the existing assembly.

#### **Frequency of Inspection and Testing**

Inspection and testing of backflow preventers will be conducted:

- At the time of installation;
- Annually after installation;
- After repair, reinstallation, permanent relocation, or re-plumbing;
- Any time the assembly is found to not be in good repair; and
- After a backflow incident

All air gap separations shall be inspected annually and after modifications to the installation when used as premises containment.

The District may require a backflow preventer to be inspected and/or tested more frequently than once a year when it protects against a high-health hazard or when it repeatedly fails annual tests or inspections.

The District will be responsible for inspection and testing of all District-owned backflow preventers and air gaps.

#### **Enforcement**

To enforce the Program, it may become necessary to discontinue water service through connection(s) to the premises. In the event water service is discontinued, the Local Health Agency and Fire Department may be notified.

If District decides that termination of service is either too difficult or may pose a health issue, it may have the necessary repairs, replacements, or installations completed by a contractor and pass the cost for such service and an administrative penalty on to the customer. The customer will be notified in writing specifying the corrective actions being taken and time in which it will be done. If no action is taken by the customer, then work shall begin.

## **8. Recordkeeping**

#### **Types of Records and Data to be Maintained**

The District will maintain records on all assemblies that protect the public water system from contamination. At a minimum, the District will maintain records on all premises containment assemblies required to protect the public water system. All records shall be made available to the State Water Board upon request. The District will maintain records of the following types of information required by Article 3, Section 3.5.1 of the CCCPH:

- Two (2) most recent premises Hazard Assessments specifying required backflow preventer(s)
- Current contact information for the user supervisor and water user, and any applicable training and qualifications as described by CCCPH section 3.2.2(f)
- Descriptions and follow-up actions related to all backflow incidents
- A copy of the current contract or agreement if any part of the cross-connection control program is carried out under contract or agreement
- The current Cross-Connection Control Plan
- Any public outreach or education materials issued for the previous three (3) calendar years
- Backflow preventer inventory and information including:

- The associated hazard or application and the location, owner, inspection dates, inspection results, person conducting inspection and as-built plans of each AG installation being used as premises containment
- Backflow assembly hazard, location, assembly description (type, manufacturer, make, model, size, and serial number), installation, inspection and test dates, test results and data, and person performing test
- Results of all backflow assembly field testing and AG inspections for the previous three (3) calendar years, including the name, test date, repair date, and certification number of the backflow prevention assembly tester for each backflow assembly field test and AG
- Repairs made to, or replacement or relocation of, backflow assemblies for the previous three (3) calendar years.

#### **How Records will be Maintained**

The District will primarily maintain records using the District's online backflow prevention assembly testing platform. Electronic files, such as customer outreach material, may also be maintained on the District's server.

#### **Reports to be Prepared and Submitted to SWRCB**

The District will prepare and submit the following reports, as required by CCCPH, to the SWRCB upon request:

- Cross-connection control program activities report for the calendar year
- Cross-connection control program summary information
- Documentation when exceptions to mandatory premises containment are granted
- Backflow incident reports

The District's Coordinator will review and sign all cross connection related reports required by CCCPH before submission to SWRCB.

## **9. Backflow Incident Response, Reporting and Notification**

#### **Backflow Incident Response Plan**

The District's Backflow Incident Response Plan (Exhibit H) is incorporated into the District's Emergency Response Program, as mandated by CCCPH Article 5. The plan outlines the procedures for investigating and responding to suspected or actual backflow incidents in accordance with Article 5 of the CCCPH.

#### **Backflow Incident Notification**

The District's Coordinator shall notify the SWRCB of any known incident of backflow within 24 hours of the determination. If required by the SWRCB, the District shall issue a Tier 1 public notification pursuant to CCR, Title 22, Section 64463.1.

If required by the SWRCB, the District shall submit, by a date specified by the SWRCB, a written incident report describing the details and affected area of the backflow incident, the actions taken by the District in response to the backflow incident, and the follow up actions to prevent future backflow incidents. The written report shall contain, at a minimum, the information requested in CCCPH Exhibit F.

## 10. Public Outreach and Education

### Customer Education

The District will regularly distribute educational brochures to its customers, either with water bills or through other channels. These brochures will be provided to all customers every two to three years and to every new customer at the time the service agreement is signed.

For residential customers, these brochures will highlight cross-connection hazards within homes and recommend appropriate assemblies or devices that homeowners should install to mitigate risks to the public water system. The education program will emphasize the customer's responsibility in preventing contamination of the public water supply.

The information distributed by the District will include, but not be limited to, the following subjects:

- General cross-connection hazards
- Irrigation system hazards and corrective actions
- Fire sprinkler cross-connection hazards
- Importance of annual inspection and/or testing of backflow preventers
- Thermal expansion in hot water systems when backflow preventers are installed

## 11. Local Entity Coordination

### Coordination with Local Administrative Authority

The CCCPH requires coordination between the District and the Local Administrative Authority (LAA) in matters pertaining to cross-connection control. The District will provide a copy of this Cross Connection Control Program to Los Angeles County Department of Public Health as an individual document. The District will inform the LAA of any changes in policy or procedure that may impact the LAA.

## 12. Other Provisions

### Temporary Water Connections

The District will not supply water through temporary connections, such as those used for construction projects or main disinfection, except through a backflow preventer arrangement installed by the District.

### Relationship to Other Planning and Operations Program Requirements

The District will evaluate the impact of the cross-connection control program on its planning and operational requirements. This includes, but is not limited to, ensuring:

- Effective communication between cross-connection personnel and other District staff;
- Proper training for all staff to identify potential cross-connection control issues;
- Consideration of cross-connection concerns during water quality investigations;
- Cross-connection control personnel are consulted in the design of water treatment facilities;
- Operations, both under normal and abnormal conditions, prevent excessive pressure losses;

- The water distribution system is designed to accommodate expected head losses from backflow assemblies; and
- Sufficient financial and administrative resources are available to implement the cross-connection control program.

**Authority to Amend, Alter, and Revise**

The District shall have the authority and power to amend, alter, revise, and make supplements to the Cross Connection Control Program as needed to comply with State requirements and to maintain effective water quality standards.

## **Exhibit A**

### **RESOLUTION 25-05**

#### **A RESOLUTION BY THE BOARD OF DIRECTORS OF LA HABRA HEIGHTS COUNTY WATER DISTRICT TO AMEND ITS RATES, RULES AND REGULATIONS REGARDING ITS CROSS- CONNECTION CONTROL PROGRAM BY REPLACING SECTION 42 OF THE REGULATIONS**

##### **1. RECITALS**

**WHEREAS** the State Water Resources Control Board ("SWRCB") requires La Habra Heights County Water District ("LHHCWD") and other public water systems to establish a Cross- Connection Control Program and Plan satisfactory to SWRCB's Cross-Connection Control Policy Handbook ("Handbook");

**WHEREAS** the purpose of this resolution is to revise LHHCWD's current Cross- Connection Control Program and replace that program with a new plan that complies with all requirements set forth in SWRCB's Handbook;

**WHEREAS** SWRCB identifies the following grounds for the required revisions:

- To protect the LHHCWD's public water supply from the possibility of contamination or pollution by isolating, within the water user's internal distribution system(s) or its water user's private water system(s), such contaminants or pollutants which could backflow or back-siphon into the public water system;
- To promote the elimination or control of existing cross connections, actual or potential, between its water user's internal potable water system(s) and non-potable water systems, plumbing fixtures and industrial piping systems;
- To provide for the maintenance of a continuing Cross-Connection Control Program (Program) which will systematically and effectively prevent the contamination or pollution of the potable water system; and

**WHEREAS** the Handbook grants LHHCWD the authority to implement a new cross- connection program that complies with the Handbook and further authorizes LHHCWD to take corrective action(s) if a customer fails to comply in a timely manner with LHHCWD's requirements regarding the installation, inspection, field testing, or maintenance of backflow prevention assemblies.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF LHHCWD AS FOLLOWS:**

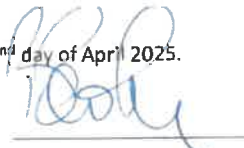
##### **2. RESOLUTION**

LHHCWD's Board of Directors hereby revises and replaces its Cross-Connection Control Program by rescinding Resolution 20-01 and the entirety of Section 42 of LHHCWD's Rates, Rules and Regulations, and replacing that program with the new Section 42, attached hereto as Exhibit "A."

Board of Directors of  
La Habra Heights County Water District



ADOPTED, SIGNED, AND APPROVED this 22<sup>nd</sup> day of April 2025.

  
\_\_\_\_\_  
Brad Cooke, President

ATTEST:

  
\_\_\_\_\_  
Joe Matthews, Secretary

(SEAL)

## EXHIBIT B

### La Habra Heights County Water District Residential Cross Connection Hazard Assessment Survey

- La Habra Heights County Water District is required by the State of California to inspect all service connections to the District's public water supply for back flow prevention purposes. This survey allows residents to self-inspect their properties and report that inspection to the District. Completing and returning this form at time of new ~~sign-up~~<sup>sign-up</sup> is required to receive water from the District and may help prevent accidental contamination of our drinking water system.

#### Account Holder Information

Account Holder's Name: \_\_\_\_\_

Service Address: \_\_\_\_\_

Account Number: \_\_\_\_\_

**For all Yes answers, specify whether the device is protected with a backflow preventer.**

Do you have a home-based business? YES / NO

Type of business: \_\_\_\_\_

**Commented [JM1]:** Added to align with training Ivan received and our hazard assessment systems platform

Do you have a lawn sprinkler system?

- YES – Protected with a testable Backflow Prevention Assembly  
YES – Not protected with a testable Backflow Prevention Assembly  
NO

**Commented [JM2]:** Relocated question to align with hazard assessment platform

If you have an underground lawn sprinkler system, does the system feed chemicals?

- YES - Protected with a testable Backflow Preventor  
No  
I do not have a lawn sprinkler system

Do you have a home fire sprinkler system? YES / NO

**Commented [JM3]:** Added per revisions to state CCC policy handbook

Can you add chemicals to the system? YES / NO

Do you have and home medical equipment connected to your water system? YES / NO

**Commented [JM4]:** Added to align with training Ivan received and our hazard assessment systems platform

Do you heat your home with hot water from a steam boiler?

- YES – Protected with a testable Backflow Prevention Assembly  
YES – Not protected with a testable Backflow Prevention Assembly

**Commented [JM5]:** Relocated to align with hazard assessment platform

NO

Do you have a water softener?

YES - The discharge line is above the floor to produce an air gap.  
YES - The discharge line is NOT above the floor (there is no air gap).  
No

**Commented [JM6]:** Relocated to align with hazard assessment platform

Do you have a swimming pool or hot tub?

YES - It is filled with a hose protected with a Hose Bib Vacuum Breaker.  
YES - It is filled with a hose but is NOT protected with a Hose Bib Vacuum Breaker.  
YES - It is filled with a direct water line which is protected with a testable Backflow Preventer.  
YES - It is filled with a direct water line but is NOT protected with a testable Backflow Preventer.

**Commented [JM7]:** Relocated to align with hazard assessment platform

Do you have a well or water system other than the potable water provided by the District on your property?

Yes - Protected with a testable Backflow Protection Assembly  
Yes - Not Protected  
No

Do you have a photographic lab or facilities using chemicals?

Yes - Protected with a testable Backflow Prevention Assembly  
Yes - Not Protected with a testable Backflow Prevention Assembly  
No

Do you have pumps which are hooked directly to your plumbing? (decorative fountain, etc.)

Yes - Protected with a testable Backflow Prevention Assembly  
Yes - Not Protected  
No

Do you have automatic livestock waterers or tank fillers?

Yes - Protected with a testable Backflow Preventer  
Yes - Not Protected  
No

To my knowledge, these answers are accurate.

Signature \_\_\_\_\_  
Phone Number \_\_\_\_\_  
Date (mm/dd/yyyy) \_\_\_\_\_

(Please return signed application in person, by mail, or email)

For District Use Only: ☐ Entered in UMS ☐ Service order ☐ Pressure Pump List

Order Taken By: \_\_\_\_\_ Date: \_\_\_\_\_ Time: \_\_\_\_\_

For Internal Use Only:

Application reviewed by a District authorized Hazard Assessment designee: YES / NO

Determination of Hazard. Circle one:

- Low (no backflow prevention required at this time)
- Medium (backflow prevention assembly may be required, upon further investigation)
- High (backflow assembly required) Type of assembly Required \_\_\_\_\_
- Unknown (Field Assessment Required)
- High (backflow assembly required) Type of assembly Required \_\_\_\_\_

## **EXHIBIT C**

### **HIGH HAZARD CROSS-CONNECTION CONTROL PREMISES LIST FROM APPENDIX D OF THE CALIFORNIA CALIFORNIA CROSS CONNECTION POLICY HANDBOOK**

The list below identifies premises that require backflow protection provided by an air gap or a reduced pressure principle backflow prevention assembly, unless noted otherwise. The list below is not intended to be all-inclusive. A PWS, State Water Board, or local health agency may require an AG, RP, or both to protect a PWS from other hazards not listed below and identified in premises through the hazard assessment completed in CCCPH Chapter 3, section 3.2.1. A PWS may reduce or increase the minimum protection required for a previously hazard-assessed user premise following a hazard reassessment as described in CCCPH Chapter 3, section 3.2.1.

1. Sewage handling facilities
2. Wastewater lift stations and pumping stations
3. Wastewater treatment processes, handling, or pumping equipment that is interconnected to a piping system connected to a PWS (+)
4. Petroleum processing or storage plants
5. Radioactive material storage, processing plants or nuclear reactors
6. Mortuaries
7. Cemeteries
8. Sites with an auxiliary water supply interconnected with PWS (+)
9. Sites with an auxiliary water supply not interconnected with PWS
10. Premises with more than one connection to the PWS (++++)
11. Recycled water (++)(+++)
12. Recycled water interconnected to piping system that contains water received from a PWS (+)
13. Graywater systems, as defined in California Water Code Section 14876, that are interconnected to a piping system that is connected to a PWS
14. Medical facilities
15. Kidney dialysis facilities
16. Dental office with water-connected equipment
17. Veterinarian facilities
18. Chemical plants
19. Laboratories
20. Biotech facilities
21. Electronics manufacture
22. Dry cleaner facilities
23. Industrial or commercial laundry facilities
24. Metal-plating facilities
25. Business park with a single meter serving multiple businesses
26. Marine-port facilities
27. Car wash facilities
28. Mobile home park, RV park, or campgrounds with RV hookups
29. Hotels/motels

- 30. Gas stations
- 31. Fire stations
- 32. Solid waste disposal facilities
- 33. Pet groomers
- 34. Agricultural premises
- 35. Hazard assessment access denied or restricted
- 36. Railroad maintenance facilities
- 37. Incarceration facilities (e.g. prisons)
- 38. Temporary connections to fire hydrants for miscellaneous uses, including construction
- 39. Private water distribution mains
- 40. Drinking water storage tank overflow connected to a sump or storm drain (+)
- 41. Airports

(+) Premise isolated by air gap only except as allowed through CCCPH Section 3.2.2(c)

(++) Dual-plumbed use areas established per CCR Title 22, Section 60313 through 60316.

(+++ Residences using recycled water for landscape irrigation as part of an approved dual plumbed use area established pursuant to CCR Title 22, sections 60313 through 60316 shall use, at a minimum, a DC. If the water supplier is also the supplier of the recycled water, then the recycled water supplier may obtain approval of the local public water supplier or the State Water Board, to utilize an alternative backflow protection plan that includes an annual inspection of both the recycled water and potable water systems and an annual cross-connection test of the recycled water and potable water systems pursuant to subsection 60316(a) in lieu of any BPA.

(++++ All connections must receive at least the same level of protection excluding fire protection when connected to the PWS distribution system (e.g. if one connection requires an RP then all connections must have RPs installed).

## Exhibit D

COMPANY	MAILING ADDRESS	LOCATION	MFG	MODEL	SIZE	SERIAL
Care Meridian	102 E. Avocado Crest Rd La Habra Heights, Ca 90831	102 Avocado Crest, front of property west of d/w - fire read arm	Watts	007M2-QT	3/4"	37535
Care Meridian	102 E. Avocado Crest Rd La Habra Heights, Ca 90831	102 Avocado Crest, front of property west of d/w - fire service	Ames	3000SS	4"	3CK1214
City of LHH	1245 Hacienda Rd., La Habra Heights, CA 90831	1885 N. Hacienda Rd - Irrigation s/w corner of building	Wilkins	975	2"	805958
City of LHH	1245 Hacienda Rd., La Habra Heights, CA 90831	1245 N. Hacienda Rd @ Driveway	Febco	825Y	2"	J035740
City of LHH	1245 Hacienda Rd., La Habra Heights, CA 90831	1245 N. Hacienda Rd @ Roof Access to Fire Dept Bldg.	Watts	LF009m2QT	2"	013495
City of LHH	1245 Hacienda Rd., La Habra Heights, CA 90831	1245 N. Hacienda Rd @ Irrigation East of MPR	Febco	825Y	2"	J037315
Hacienda Golf Club	718 East Road, La Habra Heights, CA 90831	on East Rd - holes 3, 4, & 5 (IRR)	Wilkins	375AST	4"	39345C
Hacienda Golf Club	718 East Road, La Habra Heights, CA 90831	Below East Rd-Between Clubhouse & pool	Wilkins	475ST	6"	1294L
Hacienda Golf Club	780 East Road, La Habra Heights, CA 90831	75ft of driveway on 6"	Watts	007M2-QT	3/4"	86072
Hacienda Golf Club	718 East Road, La Habra Heights, CA 90831	East Rd at Deep Canyon - 6"	Watts	FA0215119	3/4"	BD0080128
Hacienda Golf Club	718 East Road, La Habra Heights, CA 90831	above Green 11 - restrooms at street	Wilkins	475 ST	6"	1295L
Hacienda Golf Club	718 East Road, La Habra Heights, CA 90831	about 75ft east of driveway	Ames	3000SS	6"	3HL0117
Hacienda Golf Club	718 East Road, La Habra Heights, CA 90831	East Rd at Deep Canyon	Ames	FA0215119	6"	BD0080120
L.A. County Facilities Maint.	900 S. Fremont Ave Alhambra, ca 91803	1501 El Travesia	Febco	825Y	3/4"	J080818
La Habra Christian Church	2275 Alcazar St., Los Angeles, CA 90033	north of Keshlan Rd on Harbor east side of street. 1500 block	Wilkins	375XL	2"	B480981
La Habra Christian Church	1400 Bella Vista Dr., La Habra Heights, CA 90831	next to existing meter in front of building	Febco	860	3"	9708131144
La Habra Christian Church	1400 Bella Vista Dr., La Habra Heights, CA 90831	fire service on Bella Vista, side arm 4"	Watts	7	3/4"	11237
La Habra Christian Church	1400 Bella Vista Dr., La Habra Heights, CA 90831	at service driveway, fire service at Bella Vista	Ames	3000SS	4"	31M1530
LHHCWD	1271 Hacienda Rd	office backflow device	Febco	-825Y	1-1/2"	A118727
LHHCWD	1271 Hacienda Rd	La Mirada Plant Location	Febco	LF825Y	1-1/2"	J010984
Matrix Oil Corp.	459 West Rd La habra Heights, CA 90831	site 12	Febco	825Y	2"	J010710
Matrix Oil Corp.	459 West Rd La habra Heights, CA 90831	Above site 1 Top of Ardsheal Dr.in box	Febco	825YD	4"	103170705
Matrix Oil Corp.	459 West Rd La habra Heights, CA 90831	Site 2 - Ardsheal	Wilkins	375AST	3"	800C
Matrix Oil Corp.	459 West Rd La habra Heights, CA 90831	Site 3 - Canada Sombre	Febco	825YD	3"	N11025180537
Matrix Oil Corp.	459 West Rd La habra Heights, CA 90831	Site 3 - Canada Sombre	Wilkins	375	6"	84710
Matrix Oil Corp.	459 West Rd La habra Heights, CA 90831	Site 4 - Encanada	Febco	825	2"	2705
Matrix Oil Corp.	459 West Rd La habra Heights, CA 90831	Site 5 - 2102 Hacienda	Wilkins	375	3"	L51173
Matrix Oil Corp.	459 West Rd La habra Heights, CA 90831	site 6-Top end of Las Palomas Dr.	Febco	825Y	2"	A143098
Matrix Oil Corp.	459 West Rd La habra Heights, CA 90831	site 7 - 222 East Rd.	Wilkins	375	6"	
Matrix Oil Corp.	459 West Rd La habra Heights, CA 90831	site 8 @ 2500 E. Skyline Dr.	Febco	825	6"	N1102071238
Matrix Oil Corp.	459 West Rd La habra Heights, CA 90831	site 9- 2382 Vista Rd.	Febco	825Y	2"	7824
Puente Hills Habitat	7333 Greenleaf Ave. Whittier, ca 90602	across from 2112 skyline dr	Wilkins	375	3"	56508
Puente Hills Habitat	7333 Greenleaf Ave. Whittier, ca 90602	To the left of 1595 Suncrest Ct. (near access road to water tank)	Wilkins	376	3"	56499
<b>Total</b>		<b>33</b>				

**Exhibit E****List of Identified Untestable Fire Protection Devices**

<b>COMPANY</b>	<b>MAILING ADDRESS</b>	<b>LOCATION</b>	<b>MFG</b>	<b>MODEL</b>	<b>SIZE</b>	<b>SERIAL</b>
<b>Matrix Oil Corp.</b>	<b>459 West Rd La Habra Heights, CA 90631</b>	<b>Site 3 - Canada Sombre</b>	<b>Wilkins</b>	<b>375</b>	<b>6"</b>	<b>84710</b>



## EXHIBIT F

### TESTER CODE OF CONDUCT FORM

#### LHHCWD's Cross-Connection Control Program

La Habra Heights County Water District (District) will **provide a weblink maintain a list of certified backflow testers within L.A. County** pre-approved by the District, to conduct backflow assembly testing. This list will be reviewed and revised annually, or more frequently if necessary, and will be provided to customers alongside their annual testing notices.

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All testers are required to adhere to the guidelines outlined in the State Water Resources Control Board's Cross Connection Control Policy Handbook (CCCPH) and comply with all District requirements. Testers working within the District's service area must sign, **and agree to, and submit the Tester Code of Conduct to the District with all backflow preventor test results and maintain active registration in the District's portal**

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The District's Cross Connection Control Coordinator may suspend or revoke approval of an individual backflow testers and or company from the list of approved testers if the individual or company fails or refuses to comply with the District's Cross-Connection Control Program, Policies and Regulations or engages in dishonest business practices, fails to maintain a valid backflow tester certification or installs, repairs or tests backflow assemblies in a negligent manner. Failure to abide by any of these requirements may be grounds for exclusion from the approved testers list.

#### District Contacts

Cross Connection Control Program:

Joe Matthews  
562-697-6769  
Joe@lhhcwd.com

Water turn on for testing, shut off for repairs/replacement, District designated Assessment :

Ivan Ramirez  
562-697-6769  
Ivan@lhhcwd.com

The District's Code of Conduct requires backflow assembly testers to act honestly, competently, and with integrity and to use their knowledge and skill for the enhancement of public health and the protection of District water system. The District requires that the following Code of Conduct is followed by all backflow prevention assembly testers approved to conduct tests with the District's jurisdiction:

1. Testers must notify the District as soon as possible, within 24 hours if a backflow incident or an unprotected cross-connected is observed during field testing
2. Maintain valid certification from a certifying organization pursuant to Article 4 of the California CCCPH
3. Testers are strictly prohibited from knowingly falsifying field results

4. Testers must not remove or relocate a backflow assembly without obtaining explicit approval from the District
5. Passing backflow test reports must be submitted **to via the District's portal** within 5 calendar days
  - a. Failing test results must be submitted within 24 hours of the test date
6. Any assembly that fails routine testing shall be repaired within 30 days of the initial test date
7.
  - a. Only Original Equipment Manufacturer parts shall be used to repair backflow
  - b. If failing device is anything other than **RPan RP** device, it must be replaced with an RP
    - i. DC's can continue to be used in fire protection if no chemicals are present
8. Any backflow prevention device or assembly installed shall be manufactured in full conformance with the standards established by at least one of the following:
  - a. Standards found in Chapter 10 of the Manual of Cross-Connection Control, Tenth Edition, published by the University of Southern California Foundation for Cross-Connection Control and Hydraulic Research
  - b. Certification requirements for BPAs in the Standards of ASSE International
9. Testers are responsible for updating **their registration in the District's portal** with any changes in their contact information, including address, emails or phone numbers.
10. Not misuse the certificate, logo, and marks of the District.
11. Uphold and follow all policies and procedures required by District to remain in good standing.
12. Not participate in any interest, activity, or influence purely for personal gain and not in the interest of public health and environmental safety.

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**By signing this document, I hereby certify that I have thoroughly read and understand this agreement and agree to fully conform to the provisions of this agreement:**

<b>Tester Name:</b>		<b>Certification #:</b>	
<b>Tester Signature:</b>		<b>Date:</b>	
<b>Company Name:</b>			
<b>Company Address:</b>			
<b>Phone Number:</b>		<b>Email Address:</b>	

*The District's Coordinator will report incidences of fraud or gross incompetence or negligence on the part of any backflow to the certifying entity as well as any other agencies or authorities.*

**EXHIBIT G**

**LA HABRA HEIGHTS COUNTY WATER DISTRICT  
BACKFLOW INCIDENT REPORT FORM**

Water System Number: **CA1910218**

Incident Date: \_\_\_\_\_

Incident Time (if known): \_\_\_\_\_

Incident Location: \_\_\_\_\_

How was the incident discovered? \_\_\_\_\_

**Backflow Originated from:**

Premise Location: \_\_\_\_\_

Address: \_\_\_\_\_

Premise Contact Person: \_\_\_\_\_

Title: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Connection Type: (please check one)

- ☐ Industrial   ☐ Commercial   ☐ Single-Family Residential   ☐ Multi-Family Residential  
☐ Irrigation   ☐ Water System Facility   ☐ Other:

Description and source of backflow fluid (please be as descriptive as possible):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If available, please attach an MSDS or other chemical description.

Was the backflow fluid contained within the user side?   ☐ YES

☐ NO

Estimated Number of Affected Persons: \_\_\_\_\_

Number and

description of consumer complaints received:

---

Did any consumers report illness? Please describe.

---

If applicable, please describe the consumer notification:

---

## INVESTIGATION

Please describe the water system investigation including time frames:

---

---

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---

---

What was the area system pressure? \_\_\_\_\_

Is this within typical range:    ☐ YES    ☐ NO

Was a sample of the water contaminated by the backflow incident collected and stored before flushing?  
YES ☐ NO ☐

Please describe location and type of all sampling:

---

---

SWRCB recommends laboratory or field sampling for the following parameters: total coliform, E. coli, free and total chlorine residual, pH, odor, turbidity, temperature, and color. Additional sampling should be collected at the PWS and regulatory agency's discretion.

**CORRECTIVE ACTIONS**

Please describe the corrective actions taken by the water system:

Was the chlorine residual increased after the backflow incident discovery? ☐ YES ☐ NO

Date of the last cross-connection control hazard assessment of the premise with the backflow incident conducted: \_\_\_\_\_

Did the premise have backflow prevention assemblies? ☐ YES ☐ NO

Date of most recent backflow prevention assembly test(s): \_\_\_\_\_

Was the Division or Local County Health notified within 24 hours? ☐ YES ☐ NO

Date: \_\_\_\_\_ Time: \_\_\_\_\_ Contact Person: \_\_\_\_\_

Other agencies or organizations contacted? \_\_\_\_\_

**CERTIFICATION**

Name: \_\_\_\_\_

Job Title: \_\_\_\_\_

Certification(s): \_\_\_\_\_

Please list all cross-connection control related certifications including number and expiration date

I certify that the forgoing information is true and correct to the best of my ability.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Attach the following applicable documentation

1. Laboratory Test Results
2. Sketch of the cross-connection and modifications
3. MSDS or chemical information forms if chemical hazard is known
4. Applicable backflow assembly test reports including the most recent test before the incident
5. Other relevant supporting documentation

## **Exhibit H**

### **Backflow Incident Response Plan**

In the case of a backflow incident, the District will follow SECTION 3.3 Contamination of the Water System (e.g., Chemical, Biological, Radiological, Nuclear) that is contained in the Districts Emergency Response Plan. The Backflow Incident response Plan will include, but will not be limited to:

- Notification of affected population;
- Notification and coordination with other agencies, such as the city of La Habra Heights, Los Angeles County Department of Public Health, and the State Water Resource Control Board;
- Identification of the source of contamination;
- Isolation of the source of contamination and the affected area(s);
- Cleaning, flushing, test, and perform any other necessary measures to mitigate and correct the problem; and
- Apply corrective action to prevent future backflow occurrences.

The District will use the most recently published edition of the manual Backflow Incident Investigation Procedures published by the AWWA as a supplement to the Water Supply Emergency Response Plan.

**DISCUSS AND ADOPT  
ORDINANCE 26-01  
WATER THEFT**



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## LA HABRA HEIGHTS COUNTY WATER DISTRICT

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### MEMORANDUM

**DATE: JANUARY 27, 2026**  
**TO: BOARD OF DIRECTORS**  
**FROM: JOE MATTHEWS, SECRETARY/GENERAL MANAGER**  
**SUBJECT: WATER THEFT AND FIRE HYDRANT TAMPERING ORDINANCE**

---

SB 394 recently passed which gives the District power to impose fines for water theft and tampering with fire hydrants. We have addressed this with an Ordinance written to follow the requirements of SB 394. The draft Ordinance with proposed fines is included for your review.

## **ORDINANCE 26-01**

### **AN ORDINANCE BY THE BOARD OF DIRECTORS OF LA HABRA HEIGHTS COUNTY WATER DISTRICT ("LHHCWD") TO AMEND ITS RATES, RULES AND REGULATIONS REGARDING WATER THEFT AND TAMPERING BY REPLACING SECTION 14 OF THOSE REGULATIONS**

#### **1. RECITALS**

**WHEREAS** the unauthorized use and/or tampering with LHHCWD's water system pose a public health threat, endanger water quality, and unfairly shift the financial burden to paying LHHCWD customers; and

**WHEREAS** Government Code Section 53069.45 authorizes a water district such as LHHCWD to adopt an ordinance that prohibits water theft and tampering and make a violation of the ordinance the subject to an administrative fine or penalty.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF LHHCWD ORDAINS AS FOLLOWS:**

#### **2. ORDINANCE**

LHHCWD's Board of Directors hereby revises and replaces Section 14 of its Rates, Rules and Regulations (entitled "No Meter Bypasses Allowed") in its entirety with the following new Section 14 (entitled "Water Theft and Tampering") containing the following language:

##### **"Section 14 – Water Theft and Tampering**

##### **A. Definitions**

"Water theft" means an action to divert, tamper, or reconnect water utility services.

"Divert" means the unauthorized change of the intended course or path of LHHCWD water.

"Tamper" means to rearrange, injure, alter, interfere with, or otherwise prevent, frustrate, or hinder a water facility from performing its normal or customary function.

"Reconnection" means the reconnection of water service by a customer or other person after service has been lawfully disconnected by LHHCWD.

"Unauthorized water use" is defined as (1) the use of water from a stationary service connection where lawful water service has not been established or has been disconnected by LHHCWD; (2) the use of water from an LHHCWD-owned fire hydrant for any use other than fire suppression, except where a permit has been issued by LHHCWD for temporary service; and/or (3) any use of an LHHCWD-owned hydrant in violation of the terms and conditions of a hydrant permit.

##### **B. Administrative Citations**

In addition to any other available legal remedy, any person or responsible party in violation of any provision of this ordinance is subject to the issuance of an administrative citation or citations as provided for in this ordinance or elsewhere in LHCWD's Rates, Rules and Regulations.

### **C. Fines**

If water theft is committed via meter tampering in violation of this ordinance, it is punishable as follows:

- (1) A fine not exceeding one hundred thirty dollars (\$130) for a first violation.
- (2) A fine not exceeding seven hundred dollars (\$700) for a second violation of the same ordinance within one year of the first violation.
- (3) A fine not exceeding one thousand three hundred dollars (\$1,300) for the third violation and each additional violation of the same ordinance within one year of the first violation.

All other forms of water theft or tampering, including but not limited to fire hydrant tampering or theft of water therefrom, in violation of this ordinance are punishable as follows:

- (1) A fine not exceeding one thousand dollars (\$1,000) for a first violation.
- (2) A fine not exceeding two thousand dollars (\$2,000) for a second violation of the same ordinance within one year.
- (3) A fine not exceeding three thousand dollars (\$3,000) for each additional violation of the same ordinance within one year.

This ordinance does not preclude remedies available under any other law, including provisions in the Penal Code or the Civil Code, or under LHCWD's Rates, Rules and Regulations.

Each day a violation of this ordinance continues to exist shall constitute a new, separate, and distinct violation.

### **D. Appeal and hardship waiver**

Administrative citations issued for violations of this ordinance may be appealed by contacting the General Manager of LHCWD, in writing, within thirty (30) days of the date of the notice of violation. Upon review of the appeal, the General Manager, or his/her designee, may, in his/her sole discretion, confirm the fine or, in the alternative, modify, reduce, or eliminate the fine upon a showing by the responsible party that payment of the full amount of the fine would impose an undue financial burden on the responsible party.

### **E. Water Costs**

In addition to any fines or other remedies imposed by this ordinance, applicable laws, or LHCWD's Rates, Rules and Regulations, a person or party who has violated this ordinance shall

be liable for the costs of the estimated volume of water used, as determined by LHCWD, charged at the applicable water rate adopted by LHCWD at the time of the violation.

**F. Cumulative Remedies**

The remedies available in this ordinance shall be cumulative with any other available remedy and in addition to any other remedy available at law or equity. The pursuit of one or more remedies by LHCWD shall not bar the use of any other remedy for the purpose of enforcement of this ordinance.

**G. Severability**

If any phrase, section, sentence, or word of this ordinance is held invalid by a court of competent jurisdiction, such invalidity shall not affect any other phrase, section, sentence, or word of the ordinance that can be given effect without the invalid phrase, section, sentence, or word, and to this end each phrase, section, sentence, or word of this ordinance is declared to be severable.”

Except as set forth within this ordinance, LHCWD’s Rates, Rules and Regulations are hereby reaffirmed in their entirety.

ADOPTED, SIGNED, AND APPROVED this 27<sup>th</sup> day of January 2026.

---

Brad Cooke, President  
Board of Directors of  
La Habra Heights County Water District

ATTEST:

---

Joe Matthews, Secretary

(SEAL)

**LA HABRA HEIGHTS COUNTY WATER DISTRICT  
LA HABRA HEIGHTS, CALIFORNIA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2025**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](https://CLAconnect.com)

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YEAR ENDED JUNE 30, 2025**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
La Habra Heights County Water District  
La Habra Heights, California

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the accompanying financial statements of the La Habra Heights County Water District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2025, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

***Auditors' 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 auditors' 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 the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the 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, the schedule of proportionate share of net pension liability, the schedule of pension contributions, and the schedule of changes in the other postemployment benefit (OPEB) total liability and related ratios 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 GAAS, 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of operating expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of operating expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Irvine, California  
December 22, 2025

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**LA HABRA HEIGHTS COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

This section of La Habra Heights County Water District's (the District) annual financial report presents our analysis of the District's financial performance during the fiscal year that ended on June 30, 2025. Please read it in conjunction with the basic financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The District's net position increased by \$3,181,579 or 15.90 percent primarily due to a settlement receivable and higher water sales.
- The District's total revenues increased to \$9,005,745 or 44.18%, and expenses increased to \$5,837,469 or 0.87% from the prior year.
- Current year capital contributions to the District were \$92,214.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts: management's discussion and analysis, the basic financial statements, and supplementary information. The basic financial statements also include notes that explain in more detail some of the information in the basic financial statements.

**REQUIRED FINANCIAL STATEMENTS**

The basic financial statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The statement of net position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**FINANCIAL ANALYSIS OF THE DISTRICT**

"Is the District as a whole better off or worse off as a result of the year's activities?" is one of the most important questions to answer about the District's finances. The statement of net position and the statement of revenues, expenses, and changes in net position report information about the District's activities in a way that will help answer this question. These two statements report the net position of the District and changes in them. The District's net position – the difference between assets and liabilities – is a way to measure financial health or financial position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating. However, you will need to consider other nonfinancial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation.

**NET POSITION**

To begin our analysis, a summary of the District's statements of net position is presented in Table 1.

TABLE 1  
Condensed Statements of Net Position

	Fiscal Year 2025	Fiscal Year 2024	2025-2024 Variance	
			Dollar Change	Percent Change
<b>Assets:</b>				
Current and Other Assets	\$ 12,552,669	\$ 10,572,971	\$ 1,979,698	18.72%
Capital Assets	16,179,942	15,233,245	946,697	6.21%
Deferred Outflow of Resources	1,067,948	1,052,979	14,969	1.42%
Total Assets and Deferred Outflows of Resources	29,800,559	26,859,195	2,941,364	10.95%
<b>Liabilities:</b>				
Current Liabilities	568,215	908,250	(340,035)	-37.44%
Long-Term Liabilities	2,941,664	2,552,303	389,361	15.26%
Deferred Inflows of Resources	3,096,491	3,386,032	(289,541)	-8.55%
Total Liabilities and Deferred Inflows of Resources	6,606,370	6,846,585	(240,215)	-3.51%
<b>Net Position:</b>				
Net Investment in Capital Assets	16,179,942	15,073,399	1,106,543	7.34%
Unrestricted	7,014,247	4,939,211	2,075,036	42.01%
Total Net Position	<u>\$ 23,194,189</u>	<u>\$ 20,012,610</u>	<u>\$ 3,181,579</u>	<u>15.90%</u>

Total net position increased by \$3,181,579 from fiscal year 2024 to 2025. Total assets and deferred outflows of resources increased by \$2,941,364. This change is primarily due to a \$1,742,712 new PFAS contamination settlement receivable and a \$946,697 increase in capital assets. Total liabilities and deferred inflows of resources decreased by \$240,215. This change is primarily due to a decrease in accounts payable and accrued liabilities, an increase in long-term liabilities, and a decrease in the deferred inflows of resources related to the District's pension, OPEB plan and leases.



**LA HABRA HEIGHTS COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**NET POSITION (CONTINUED)**

TABLE 2  
Condensed Statements of Revenues, Expenses and Changes in Net Position

	Fiscal Year 2025	Fiscal Year 2024	2025-2024 Variance	
			Dollar Change	Percent Change
Revenues:				
Operating Revenues	\$ 5,714,056	\$ 4,842,719	\$ 871,337	17.99%
Nonoperating Revenues	3,291,689	1,403,457	1,888,232	134.54%
Total Revenues	<u>9,005,745</u>	<u>6,246,176</u>	<u>2,759,569</u>	<u>44.18%</u>
Expenses:				
Depreciation	521,389	489,115	32,274	6.60%
Other Operating Expenses	5,310,735	5,297,452	13,283	0.25%
Nonoperating Expenses	5,345	609	4,736	777.67%
Total Expenses	<u>5,837,469</u>	<u>5,787,176</u>	<u>50,293</u>	<u>0.87%</u>
Net Income Before Capital Contributions	3,168,276	459,000	2,709,276	590.26%
Capital Contributions	<u>92,214</u>	<u>82,641</u>	<u>9,573</u>	<u>11.58%</u>
Changes in Net Position	3,260,490	541,641	2,718,849	501.97%
Net Position - Beginning of Year	20,012,610	19,470,969	541,641	2.78%
Restatement - Change in Accounting Principle	<u>(78,911)</u>	<u>-</u>	<u>(78,911)</u>	
Net Position - End of Year	<u>\$ 23,194,189</u>	<u>\$ 20,012,610</u>	<u>\$ 3,181,579</u>	<u>15.90%</u>

While the statements of net position show the change in financial position, the statements of revenues, expenses, and changes in net position provide answers as to the nature and source of these changes. As can be seen in Table 2, changes in net position increased by \$3,181,579 in fiscal year 2025.

A closer examination of the source of changes in net position reveals that operating revenues increased by \$871,337 which were a result of increased water consumption and readiness to serve revenues. Water sales to customers increased by 21.40% compared to last year. Rainfall of 6.2 inches for the year was below average.

In addition, the increase in nonoperating revenues is primarily due to settlement revenue related to a PFAS contamination class action lawsuit that the District participated in.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**BUDGETARY HIGHLIGHTS**

Table 3  
Budget vs. Actual

	Fiscal Year 2025			Fiscal Year 2024		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Operating Revenues:						
Consumption	\$ 3,238,075	\$ 3,031,333	\$ (206,742)	\$ 3,298,111	\$ 2,340,961	\$ (957,150)
Readiness to Serve	2,564,254	2,596,209	31,955	2,407,603	2,428,146	20,543
Water Rights Lease	34,621	34,222	(399)	29,997	30,061	64
Other	34,462	52,292	17,830	30,838	43,551	12,713
Nonoperating Revenues	1,351,095	3,291,689	1,940,594	1,114,773	1,403,457	288,684
Total Revenues	7,222,507	9,005,745	1,783,238	6,881,322	6,246,176	(635,146)
Expenses:						
Operating Expenses:						
Sources of Supply	1,379,624	1,186,766	(192,858)	1,439,052	965,011	(474,041)
Depreciation (Cap. Improv.)	1,854,141	521,389	(1,332,752)	1,502,147	489,115	(1,013,032)
Administrative and General	1,945,454	2,158,521	213,067	1,800,598	2,086,609	286,011
Pumping	899,752	1,088,187	188,435	1,009,553	882,206	(127,347)
Transmission and Distribution	723,007	584,283	(138,724)	693,989	1,015,810	321,821
Customer Accounts	199,039	203,932	4,893	197,293	269,236	71,943
Water Treatment	77,146	89,046	11,900	53,005	78,580	25,575
Nonoperating Expenses	14,424	5,345	(9,079)	15,072	609	(14,463)
Total Expenses	7,092,587	5,837,469	(1,255,118)	6,710,709	5,787,176	(923,533)
Income Before Capital Contributions	129,920	3,168,276	3,038,356	170,613	459,000	288,387
Capital Contributions	-	92,214	92,214	-	82,641	82,641
Changes in Net Position	129,920	<u>\$ 3,260,490</u>	<u>\$ 3,130,570</u>	170,613	<u>\$ 541,641</u>	<u>\$ 371,028</u>
Debt Service, Principal Due	-			(50,876)		
Changes in Net Position After Debt Service, Principal Due	<u>\$ 129,920</u>			<u>\$ 119,737</u>		

The variance of budget to actual indicates a change in net position difference of \$3,130,570, before consideration of the \$78,911 decrease related to a change in accounting principle. The main difference is represented by the nonoperating revenues increase of \$1,940,594. This difference is from the settlement revenue related to PFAS contamination class action lawsuit. In addition, operating expenses – depreciation is lower as budget represents capital improvement needs.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

At the end of fiscal year 2025, the District had invested in a broad range of infrastructure as shown in Table 4.

TABLE 4  
Capital Assets

	Fiscal Year 2025	Fiscal Year 2024	2025-2024 Variance	
			Dollar Change	Percent Change
Capital Assets, Not Depreciated:				
Land	\$ 532,744	\$ 532,744	\$ -	0.00%
Water Rights	1,641,082	1,640,491	591	0.04%
Construction in Progress	433,290	478,432	(45,142)	-9.44%
Total Capital Assets, Not Depreciated	2,607,116	2,651,667	(44,551)	-1.68%
Capital Assets, Being Depreciated:				
Sources of Supply	2,275,482	2,278,700	(3,218)	-0.14%
Pumping	1,668,933	1,668,933	-	0.00%
Transmission and Distribution	28,052,424	26,552,921	1,499,503	5.65%
General	1,666,749	1,655,026	11,723	0.71%
Total Capital Assets, Being Depreciated	33,663,588	32,155,580	1,508,008	4.69%
Less Accumulated Depreciation for:				
Sources of Supply	(1,690,162)	(1,629,324)	(60,838)	3.73%
Pumping	(1,581,690)	(1,545,423)	(36,267)	2.35%
Transmission and Distribution	(15,591,224)	(15,270,370)	(320,854)	2.10%
General	(1,227,686)	(1,129,476)	(98,210)	8.70%
Total Accumulated Depreciation	(20,090,762)	(19,574,593)	(516,169)	2.64%
Total Capital Assets, Being Depreciated, Net	13,572,826	12,580,987	991,839	7.88%
Capital Assets, Net	<u>\$ 16,179,942</u>	<u>\$ 15,232,654</u>	<u>\$ 947,288</u>	<u>6.22%</u>

Increase for fiscal year 2025 for capital assets, being depreciated – transmission and distribution of \$1,499,503 resulted from the following replacements:

- 3 – 1” services
- Reservoir 10A relining

**LA HABRA HEIGHTS COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**DEBT ADMINISTRATION**

As of June 30, 2025, and during the year then ended, the District did not have any long-term debt to administer.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The District's Board of Directors and management considered many factors when setting the fiscal year 2026 budget, user fees and charges. The factors include cost of purchasing water, as well as electricity costs.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGER**

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Tammy Wagstaff at La Habra Heights County Water District.

## **BASIC FINANCIAL STATEMENTS**

**LA HABRA HEIGHTS COUNTY WATER DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

	<u>2025</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
<b>CURRENT ASSETS</b>	
Cash and Investments	7,284,507
Receivables:	
Customers	780,993
Interest	124,349
Taxes	23,244
Settlement	1,214,522
Lease	131,226
Other	91,069
Prepaid Items	<u>335,778</u>
Total Current Assets	9,985,688
<b>NONCURRENT ASSETS</b>	
Settlement Receivable	528,190
Lease Receivable	2,038,791
Capital Assets:	
Nondepreciable	2,607,116
Depreciable, Net of Accumulated Depreciation	<u>13,572,826</u>
Total Noncurrent Assets	<u>18,746,923</u>
 Total Assets	 28,732,611
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Amounts from Pension Plan	595,613
Deferred Amounts from OPEB	<u>472,335</u>
Total Deferred Outflows of Resources	1,067,948

*See accompanying Notes to Basic Financial Statements.*

**LA HABRA HEIGHTS COUNTY WATER DISTRICT**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**JUNE 30, 2025**

	<u>2025</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts Payable and Accrued Liabilities	\$ 363,987
Deposits:	
Customers	6,500
Accrued Payroll	63,211
Accrued Employee Benefits	95,096
Total OPEB Liability, Due Within One Year	<u>39,421</u>
Total Current Liabilities	<u>568,215</u>
<b>LONG-TERM LIABILITIES</b>	
Accrued Employee Benefits, Net of Current Portion	123,225
Net Pension Liability, Due in More Than One Year	1,407,148
Total OPEB Liability, Due in More Than One Year	<u>1,411,291</u>
Total Long-Term Liabilities	<u>2,941,664</u>
 Total Liabilities	 3,509,879
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Amounts from Pension Plan	140,658
Deferred Amounts from OPEB	782,327
Deferred Amounts from Leases	<u>2,173,506</u>
Total Deferred Inflows Of Resources	<u>3,096,491</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	16,179,942
Unrestricted	<u>7,014,247</u>
 Total Net Position	 <u><u>\$ 23,194,189</u></u>

See accompanying Notes to Basic Financial Statements.

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**LA HABRA HEIGHTS COUNTY WATER DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2025**

	<u>2025</u>
<b>OPERATING REVENUES</b>	
Water Sales:	
Consumption	\$ 3,031,333
Readiness to Serve	2,596,209
Water Rights Lease	34,222
Other	<u>52,292</u>
Total Operating Revenues	5,714,056
<b>OPERATING EXPENSES</b>	
Sources of Supply	1,186,766
Depreciation	521,389
Administrative and General	2,158,521
Pumping	1,088,187
Transmission and Distribution	584,283
Customer Accounts	203,932
Water Treatment	<u>89,046</u>
Total Operating Expenses	<u>5,832,124</u>
<b>OPERATING INCOME (LOSS)</b>	(118,068)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Property Taxes and Assessments	1,021,648
Investment Income (Loss)	375,244
Rental Income	126,773
Oil Royalties	10,652
Settlement Income	1,742,712
Other, Net	14,660
Gain (Loss) on Disposal of Assets	<u>(5,345)</u>
Total Nonoperating Revenues	<u>3,286,344</u>
<b>NET INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	3,168,276
<b>CAPITAL CONTRIBUTIONS</b>	<u>92,214</u>
<b>CHANGES IN NET POSITION</b>	3,260,490
Net Position - Beginning of Year, As Originally Reported	20,012,610
Restatement - Change in Accounting Principle (Note 11)	<u>(78,911)</u>
Net Position - Beginning of Year, as Restated	<u>19,933,699</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 23,194,189</u></u>

See accompanying Notes to Basic Financial Statements.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2025**

	<u>2025</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers	\$ 5,683,754
Payments to Suppliers	(4,178,468)
Payments to Employees	(1,434,178)
Unrealized Gain on Investment	23,640
Other	14,660
Net Cash Provided (Used) by Operating Activities	<u>109,408</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Proceeds from Property Taxes and Assessments	<u>1,021,112</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,021,112</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of Utility and General Plant Assets, Net	(1,474,022)
Capital Contributions	92,214
Net Cash Used by Capital and Related Financing Activities	<u>(1,381,808)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of Investments	(2,113,334)
Proceeds from Investment Maturities	2,065,050
Proceeds from Rental Activities	126,773
Interest Income Received	284,749
Royalty Income	10,652
Net Cash Provided (Used) by Investing Activities	<u>373,890</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	122,602
Cash and Cash Equivalents - Beginning of Year	<u>6,087,691</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 6,210,293</u></u>
Cash and Cash Equivalents	\$ 6,210,293
Investments - U.S. Treasury Bills	1,074,214
Cash and Investments Reported on Balance Sheet	<u><u>\$ 7,284,507</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Settlement agreement accrual	<u><u>\$ 1,742,712</u></u>

See accompanying Notes to Basic Financial Statements.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2025**

	<u>2025</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating Income (Loss)	\$ (118,068)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	521,389
Unrealized Gain on Investment	23,640
Other	14,660
(Increase) Decrease in Assets and Deferred Outflows of Resources:	
Accounts Receivable	(27,859)
Lease Receivable	123,417
Prepaid Expenses	(93,676)
Deferred Outflows of Resources from Pension Plan	258,354
Deferred Outflows of Resources from OPEB	(273,323)
Increase (Decrease) in Liabilities and Deferred Inflow of Resources:	
Accounts Payable and Accrued Liabilities	(401,027)
Customers Deposits	(4,000)
Accrued Payroll and Employee Benefits Liabilities	25,382
Net Pension Liability	(24,294)
Total OPEB Liability	374,354
Deferred Inflows of Resources from Pension Plan	(35,618)
Deferred Inflows of Resources from OPEB	(132,063)
Deferred Inflows of Resources from Leases	(121,860)
Total Adjustments	<u>227,476</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 109,408</u></u>

See accompanying Notes to Basic Financial Statements.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1    REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

The La Habra Heights County Water District (the District) is a public entity organized as a County Water District under the County Water District Law (under the appropriate California Water Code Sections) on November 30, 1976. The District provides potable water service to an area encompassing the city of La Habra Heights (the City) and a portion of the unincorporated Los Angeles County Area. The District is operated under the direction of a five-member board of directors elected for staggered four-year terms by the citizens residing within the District's boundaries.

The District has the power under the law of a governmental taxing authority and is authorized to (1) receive a proportional share of 1% of the County of Los Angeles (County) ad valorem property tax, as determined by the County's Tax Assessor, and (2) assess taxes for the purpose of carrying on its operations and paying its general obligation bonds.

**B. Basic Financial Statements**

The basic financial statements are comprised of the statement of net position, the statement of revenues, expenses and changes in net position, the statement of cash flows and the notes to the basic financial statements.

**C. Basis of Presentation**

The accounts of the District are an enterprise fund. An enterprise fund is a proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The District is subject to the application of all Governmental Accounting Standards Board (GASB) statements.

**D. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting. Under the economic measurement focus all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with these activities are included on the statements of net position. The statements of revenues, expenses and changes in net position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1    REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The District has the following items that qualify for reporting in this category:

- Deferred outflows related to pensions equal to employer contributions made after the measurement date of the net pension liability and deferred outflows related to OPEB equal to benefit payments made after the measurement date of the total OPEB liability.
- Deferred outflows related to pensions for differences between expected and actual experience, changes in assumptions and changes in employer's contribution proportion. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.
- Deferred outflows related to OPEB for differences between expected and actual experience and changes in assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the plan.
- Deferred outflow related to pensions resulting from the net differences in projected and actual earnings on the pension plan's investments. This amount is amortized over five years.

In addition to liabilities, the statements of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

- Deferred inflow related to pensions for differences between expected and actual experience and differences between employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.
- Deferred inflow related to OPEB for differences between expected and actual experience and changes in assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with OPEB through the plan.
- Deferred inflow related to leases, this amount is deferred and recognized as an inflow of resources in based on the payment provision in the contract.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1    REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F.    Operating Revenues and Expenses**

Operating revenues, such as charges for services (water sales) result from exchange transactions associated with the principal activity of the District. Nonoperating revenues, such as property taxes and assessments, rental income, and investment income, result from nonexchange transactions or ancillary activities in which the District gives (receives) value without directly receiving (giving) equal value in exchange.

Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

**G.    Budgetary Practices**

Each year the District adopts a budget to assess its general operations. Budgets are prepared on the accrual basis of accounting. Expenses that exceed the budgeted totals are approved by the District's board. All annual appropriations lapse at fiscal year-end.

**H.    Cash and Cash Equivalents**

The District invests cash in excess of its operating requirements primarily in the state of California Local Agency Investment Fund (LAIF) and United States Treasury Bills. All invested funds are stated at fair value or amortized cost.

For purposes of the statements of cash flows, the District defines cash and cash equivalents as cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**I.    Restricted Assets**

The District's policy considers restricted assets as those amounts the use of which are legally restricted for such purposes as principal and interest payments by agreements.

**J.    Prepaid Items**

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

**K.    Capital Assets and Depreciation**

The District records capital assets that are purchased at historical cost, while contributed assets are recorded at acquisition value at the time received. Capital assets are defined by the District as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Capital assets retirements are removed from the accounts at cost, together with the related accumulated depreciation. Any gains or losses resulting from retirements are recorded as nonoperating revenues or expenses.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1    REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Capital Assets and Depreciation (Continued)**

Capital assets owned by the District are depreciated on a straight-line method based on their estimated useful lives by asset classification. Estimated useful lives by asset classification are as follows:

Sources of Supply Plant	30 Years
Pumping Equipment	25 Years
Transmission and Distribution Plant	75 Years
General Plant	5 to 20 Years

Expenditures which materially increase capital assets lives are capitalized, while costs of maintenance and repairs are charged to expense as incurred.

**L. Capital Contributions**

Capital contributions are composed of transmission and distribution plant assets that are constructed by the District or a third party and are paid for by developers or the District's customers desiring services that require capital expenditures or capacity commitment. When these assets are constructed, they become part of the District's transmission and distribution system and are depreciated on a straight-line method over 75 years. Capital contributions received during the year are recorded on the statements of revenues, expenses and changes in net position.

**M. Accrued Employee Benefits**

Accumulated unpaid vacation, sick pay and other employee benefit amounts are accrued when vested.

During the current year, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Implementation of GASB Statement No. 101 resulted in a restatement of net position on the District's financial statements (see Note 11).

**N. Method Used to Record Bad Debts**

The District has elected to record bad debts using the direct write-off method. Customers with overdue balances of four months or more are specifically written-off as uncollectible. Uncollectible amounts for the current year totaled, \$3,357.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1    REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**O. Property Taxes**

Property tax in California is levied in accordance with Article 13A of the state Constitution at 1% of county-wide assessed valuations. This 1% is allocated pursuant to state law to the appropriate units of local government.

For fiscal year 2025, the property tax calendar is as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Dates:	First Installment - November 1 Second Installment - February 1
Delinquent Dates:	First Installment - December 10 Second Installment - April 10

**P. Leases**

The District is a lessor for a noncancellable lease of land. The District recognizes a lease receivable and a deferred inflow of resources in the statement of net position.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) the lease term, and (3) the nature of the lease receipts (fixed versus variable).

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**Q. Pensions**

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



**LA HABRA HEIGHTS COUNTY WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**R. Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 CASH AND INVESTMENTS**

Cash and investments as of June 30, 2025, consist of the following:

Cash on hand	\$ 300
Demand deposits with financial institutions	2,077,657
Investments	5,206,550
Total Cash and Investments	<u>\$ 7,284,507</u>

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

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 Years	None	None
United States Treasury Obligations	5 Years	None	None
Federal Agencies (United States Government Sponsored Agency Securities)	5 Years	None	None
Banker's Acceptances	180 Days	40%	30%
Commercial Paper	270 Days	25%	10%
Negotiable Certificates of Deposit	5 Years	30%	None
Repurchase Agreements	1 Year	None	None
Reverse Repurchase Agreements	92 Days	20%	None
Corporate Medium-Term Notes	5 Years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 Years	20%	None
California Local Agency Investment Fund (LAIF)	N/A	None	None

**LA HABRA HEIGHTS COUNTY WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)**

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2025:

	<u>Maturity 12 Months or Less</u>
United States Treasury Bills	\$ 1,074,214
California Local Agency Investment Fund	<u>4,132,336</u>
Total Investments	<u><u>\$ 5,206,550</u></u>

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2025, the District's investment in United States Treasury bill is rated A-1+ by *Standard and Poor's* and the investment in the California Local Agency Investment Fund is unrated.

**Concentration of Credit Risk**

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Other than LAIF and the United States Treasury bills, there are no investments in any one issuer that represents 5% or more of total District's investments as of June 30, 2025.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)**

**Custodial Credit Risk**

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

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2025, the District's demand deposits with financial institutions were either insured by the Federal Deposit Insurance Company or collateralized as required by California law.

**Investment in State Investment Pool**

The District is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the treasurer of the state of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. There are no limitations or restrictions on withdrawals.

**Fair Value Measurements**

The District categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices in active markets for similar assets, and Level 3 inputs are significant unobservable inputs.

The District's investments in United States Treasury bills and LAIF are not subject to the fair value measurement hierarchy.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 3 CAPITAL ASSETS**

Changes in capital assets and accumulated depreciation as of June 30, 2025 were as follows:

	Balance at July 1, 2024	Additions	Deletions	Balance at June 30, 2025
Capital Assets, Not Depreciated:				
Land	\$ 532,744	\$ -	\$ -	\$ 532,744
Water Rights	1,640,491	591		1,641,082
Construction in Progress	478,432	1,404,061	(1,449,203)	433,290
Total Capital Assets, Not Depreciated	2,651,667	1,404,652	(1,449,203)	2,607,116
Capital Assets, Being Depreciated:				
Sources of Supply	2,278,700	7,347	(10,565)	2,275,482
Pumping	1,668,933	-	-	1,668,933
Transmission and Distribution	26,552,921	1,499,503	-	28,052,424
General	1,655,026	11,723	-	1,666,749
Total Capital Assets, Being Depreciated	32,155,580	1,518,573	(10,565)	33,663,588
Less Accumulated Depreciation for:				
Sources of Supply	(1,629,324)	(66,058)	5,220	(1,690,162)
Pumping	(1,545,423)	(36,267)	-	(1,581,690)
Transmission and Distribution	(15,270,370)	(320,854)	-	(15,591,224)
General	(1,129,476)	(98,210)	-	(1,227,686)
Total Accumulated Depreciation	(19,574,593)	(521,389)	5,220	(20,090,762)
Total Capital Assets, Being Depreciated, Net	12,580,987	997,184	(5,345)	13,572,826
Capital Assets, Net	<u>\$ 15,232,654</u>	<u>\$ 2,401,836</u>	<u>\$ (1,454,548)</u>	<u>\$ 16,179,942</u>

**NOTE 4 COMPENSATED ABSENCES**

The following is a summary of the accrued employee benefits liability at June 30, 2025 with changes thereon:

	Balance July 1, 2024, Restated (2)	Additions	Deletions	Balance June 30, 2025	Due Within One Year
Accrued Employee Benefits (1)	<u>\$ 200,714</u>	<u>\$ 17,607</u>	<u>\$ -</u>	<u>\$ 218,321</u>	<u>\$ 95,096</u>

(1) Additions to accrued employee benefits are presented net of deletions.

(2) The beginning balance for accrued employee benefits was restated as a result of the adoption of GASB Statement No. 101, *Compensated Absences* in the current year. The impact of adoption was an increase of \$78,911. See Note 11.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 5 EMPLOYEE-DEFERRED COMPENSATION PLAN**

For the benefit of its employees, the District established an eligible employee-deferred compensation plan in accordance with the Internal Revenue Code Section 457, the La Habra Heights County Water District deferred compensation plan, administered by the District general manager. Funds may be withdrawn by participants upon either termination of employment, retirement, death or an unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes. The District makes matching contributions of 100% on the first 2% of compensation deferred by the plan, contributions are vested immediately. Benefit terms are established and can be amended by the administrator of the plan.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors and, therefore, are excluded from these financial statements. For the year ended June 30, 2025, the District contributed \$20,573 to the 457 program.

**NOTE 6 PENSION PLAN**

**A. General Information about the Pension Plan**

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). 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 plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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 to 62 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five (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.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 6 PENSION PLAN (CONTINUED)**

**A. General Information about the Pension Plan (Continued)**

Benefits Provided (Continued)

The plan's provisions and benefits in effect for the year ended June 30, 2025, are summarized as follows:

	<u>Miscellaneous</u>	
	<u>Prior to January 1, 2013</u>	<u>On or After January 1, 2013</u>
Hire Date		
Benefit Formula	2.0%@60	2.0%@62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 - 67	52 - 67
Monthly Benefits, as a % of Eligible Compensation	1.092% to 2.418%	1.0% to 2.5%
Required Employee Contribution Rates	7.00%	7.75%
Required Employer Contribution Rates:		
Normal Cost Rate	10.150%	7.870%
Payment of Unfunded Liability	\$ 107,975	\$ 488

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are 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. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. District 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 contributions requirements are classified as plan member contributions. For the current year, the District made contributions totaling \$205,284.

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	<u><u>\$ 1,407,148</u></u>

**LA HABRA HEIGHTS COUNTY WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 6 PENSION PLAN (CONTINUED)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

The District's net pension liability for the plan is measured as the proportionate share of the net pension liability. The net pension liability of the plan is measured as of June 30, 2024, and the total pension liability for the plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for the plan as of the last two measurement dates was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2023	0.02863%
Proportion - June 30, 2024	<u>0.02909%</u>
Change - Increase (Decrease)	<u><u>0.00046%</u></u>

For the year ended June 30, 2025, the District recognized pension expense of \$403,726. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 205,284	\$ -
Differences Between Expected and Actual Experience	121,661	(4,747)
Change in Assumptions	36,167	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	(135,911)
Change in Employer's Proportion	151,494	-
Net Differences Between Projected and Actual Earnings on Plan Investments	81,007	-
Total	<u><u>\$ 595,613</u></u>	<u><u>\$ (140,658)</u></u>

**LA HABRA HEIGHTS COUNTY WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 6 PENSION PLAN (CONTINUED)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

\$205,284 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as part of pension expense in subsequent years as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 119,521
2027	163,249
2028	(5,337)
2029	(27,762)
2030	-
Thereafter	-

Actuarial Assumptions

The total pension liability as of the June 30, 2024, measurement date was determined by an actuarial valuation as of June 30, 2023, with update procedures used to roll forward the total pension liability to June 30, 2024. The total pension liability was based on the following assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Increase	(3)

(1) Varies by entry age and service.

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the *2021 CalPERS Experience Study and Review of Actuarial Assumptions*. Mortality rates incorporate full 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 2021 experience study report from November 2021 that can be found on the CalPERS website.

(3) The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.30% thereafter.



**LA HABRA HEIGHTS COUNTY WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 6 PENSION PLAN (CONTINUED)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

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 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

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

Asset Class	Assumed Asset Allocation	Real Return (a) (b)
Global Equity - Cap-weighted	30.00 %	4.54 %
Global Equity - Noncap-Weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-Backed Securities	5.00	0.35
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	100.00 %	

(a) An expected inflation of 2.3% used for this period.

(b) Figures are based on the 2021 Asset Liability Management study.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 6 PENSION PLAN (CONTINUED)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

Discount Rate

The discount rate used to measure the total pension liability 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. 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

There were no subsequent events that would materially affect the results presented in this disclosure.

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

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

	<u>Miscellaneous</u>
1% Decrease	5.90%
Net Pension Liability	\$ 2,552,773
Current Discount Rate	6.90%
Net Pension Liability	\$ 1,407,148
1% Increase	7.90%
Net Pension Liability	\$ 464,130

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**C. Payable to the Pension Plan**

At June 30, 2025, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2025.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS**

**A. General Information and Benefits Provided**

Plan Description and Benefits Provided

The District provides postemployment health care benefits through a single employer defined benefit plan. Specifically, the District provides health insurance for its retired employees in accordance with board resolutions. Medical coverage is provided for retired employees who are age 60 or over and who have a minimum of 20 continuous years of service with the District. Additionally, an employee's spouse and dependents are covered if the employee has reached 40 years of service and is age 62 or over. The District pays the premium for the retiree coverage. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Employees Covered

As of the June 30, 2024, the most recent valuation date, membership consisted of the following:

Inactive Employees or Beneficiaries Currently Receiving Benefits	3
Inactive Employees or Beneficiaries Entitled to But Not Yet Receiving Benefits	-
Active Employees	10
Total	<u>13</u>

Contributions

The contribution requirements of plan members and the District are established and may be amended by the District and/or the District's board of directors. Currently, contributions are not required from plan members. The required contribution is based on projected pay-as-you-go financing requirements. For the fiscal year ended June 30, 2025, the District's made payments of \$37,330 for retiree health insurance premiums and the estimated implicit subsidy was \$4,651, resulting in total benefit payments of \$41,981. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**B. Total OPEB Liability**

The District's total OPEB liability of \$1,450,712 was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions and Other Inputs

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

Valuation Date	June 30, 2024
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Level Percent of Pay
Actuarial Assumptions:	
Salary Increase	3.00%
Inflation Rate	2.50%
Healthcare Cost Trend Rate	7.50%-2024 decreasing to 5.40% in 2029, 5.25% for 2030-34, 4.60% for 2035-49, 4.50% for 2050-64, 4.25% for 2065-74 and 4.00% for 2070 and later years; Medicare ages: 4.50% for all years
Mortality Rates	Preretirement and post-retirement mortality rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019)

Actuarial assumptions used in the June 30, 2024 valuation were based on a review of plan experience during June 30, 2022 to June 30, 2024.

Discount Rate

The discount rate was based on a yield or index rate for 20-year tax-exempt general obligation municipal bond with an average rating of AA/Aa or higher. The discount rate used to measure the District's total OPEB liability is 3.97%.

Changes of Assumptions

The discount rate of 3.86% used for the June 30, 2023 measurement date was increased to 3.97 % for the June 30, 2024 measurement date.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**C. Changes in the Total OPEB Liability**

The change in total OPEB liability are as follows:

	Increase (Decrease) Total OPEB Liability
Balance at June 30, 2023 (Measurement Date)	\$ 1,076,358
Changes in the Year:	
Service Cost	45,293
Interest on the Total OPEB Liability	43,045
Differences Between Actual and Expected Experience	217,582
Changes in Assumptions	81,552
Benefit Payments	(13,118)
Net Changes	374,354
Balance at June 30, 2024 (Measurement Date)	\$ 1,450,712

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

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

	1% Decrease (2.97%)	Discount Rate (3.97%)	1% Increase (4.97%)
Total OPEB Liability	\$ 1,735,669	\$ 1,450,712	\$ 1,226,654

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rate

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

	1% Decrease (Trend rate for each future year reduced by 1.00%)	Trend Rate	1% Increase (Trend rate for each future year increased by 1.00%)
Total OPEB Liability	\$ 1,198,272	\$ 1,450,712	\$ 1,788,111

**LA HABRA HEIGHTS COUNTY WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended June 30, 2025, the District recognized an OPEB expense of \$10,950. At June 30, 2025, the 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
Benefit Payments Subsequent to Measurement Date	\$ 41,981	\$ -
Differences Between Expected and Actual Experience	198,662	(454,669)
Changes in Assumptions	231,692	(327,658)
Total	<u>\$ 472,335</u>	<u>\$ (782,327)</u>

\$41,981 reported as deferred outflows of resources related to benefit paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ (77,388)
2027	(77,388)
2028	(35,538)
2029	(33,826)
2030	(33,826)
Thereafter	(94,007)

**NOTE 8 LEASE RECEIVABLE**

The District, acting as lessor, leases land under a long-term, noncancelable lease agreement. The lease expires in May 2043. During the year ended June 30, 2025, the District recognized \$121,860 and \$8,442 in lease revenue and interest revenue, respectively, pursuant to this contract. The lease provides for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

**NOTE 9 COMMITMENTS AND CONTINGENCIES**

**A. Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. In an effort to manage its risk exposure, the District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (the Authority).

**LA HABRA HEIGHTS COUNTY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**A. Risk Management (Continued)**

The Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

At June 30, 2025, as a member of the Authority, the District participated in the insurance programs as follows:

Property Program – The District retains risk of loss for the first \$500 of claims related to licensed vehicles/trailers, \$1,000 for claims related to mobile equipment, \$2,500 for claims related to real and personal property, \$25,000 for claims related to boiler and machinery, except for turbine and power generation equipment, which is \$50,000, 5% of TIV related to earthquake claims, and \$100,000 related to flood claims (the deductible amounts). Coverage limit for property program is \$150 million per occurrence, earthquake (2.5 million program aggregate), and flood (\$25 million). The Authority is self-insured for the first \$10 million and purchases excess coverage up to \$150 million limited to the District's insurable value of \$19,165,120.

Crime Program – The District retains risk of loss for the first \$1,000 related to loss of property caused by dishonest acts, forgery or alteration of orders to pay drawn from District accounts, or use of a computer to transfer covered property. The coverage limit is \$100,000 per loss.

General, Auto, and Public Officials Errors & Omissions – Insured up to \$55 million with no deductible subject to policy aggregate limits, except for terrorism, which is insured up to \$5 million, communicable disease, which is insured up to \$10 million, subsidence, lead and mold, which are individually insured up to \$45 million. The Authority is self-insured for the first \$5 million and purchases excess insurance coverage up to \$55 million.

Workers' Compensation and Employer's Liability Program – Compensation insurance up to California statutory limits for all work-related injuries/illnesses covered by California law. The Authority is self-insured for the first \$2 million and has purchased excess insurance to the statutory limit with a \$4 million program aggregate limit for employer's liability coverage.

Cyber Liability – Insured up to \$3 million per member and \$5 million in aggregate. The District retains the risk of loss based on total insurable values (TIV) for the first \$50,000 if TIV is less than \$10 million, and first \$100,000 if TIV is greater than \$10 million related to financial losses resulting from data breaches and other cyber events.

The District has not settled any claims that have exceeded insurance coverage in any of the past three fiscal years. An annual premium deposit is paid by the District. Actual annual premiums are to be determined utilizing a retrospective method.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**B. Litigation**

In the ordinary course of operations, the District is the subject of claims and litigation from outside parties. After consultation with its legal counsel, the District believes that an adequate provision has been made for the costs, if any, of the ultimate outcome of the legal proceedings through its self-insurance plan, such that these matters will not materially affect the District's financial condition.

**NOTE 10 AGREEMENTS**

**A. Orchard Dale Water District**

The District is party to a joint facilities agreement with the Orchard Dale Water District (Orchard Dale) for the purpose of operating and maintaining the Well Fields, La Mirada Conduit and the Gualtieri Reservoir, a transmission and distribution system that carries water from the Well Fields to each water district's service area. The operating agreement under which the facilities were constructed required that each participant provide its own proportionate share of construction financing.

The District's proportionate share of construction and improvement costs for such jointly owned facilities is included in the appropriate category of utility and general plant assets.

The District incurs certain minimum operating costs on jointly owned facilities, whether or not it is able to take delivery of its proportionate share of annual water rights. Such expenses incurred are included as operating expenses in the accompanying statements of revenues, expenses and changes in net position.

In fiscal year 2024-2025, the District was reimbursed \$179,868 for this agreement and the reimbursement has been applied against the related operating expenses in the accompanying statement of revenues, expenses and changes in net position.

**B. Rowland Water District**

The District is party to a water production and delivery agreement dated May 12, 2012 with the Rowland Water District (Rowland) for the purpose of assisting Rowland to access water rights in the Central Groundwater Basin of Los Angeles County (Central Basin). Rowland has acquired pumping rights in the Central Basin but has no facilities to produce water from Central Basin to Rowland's service area. The District has facilities to produce water from the Central Basin and is able to assist Rowland to produce water, pursuant to Rowland's water rights, and deliver the water to Rowland's water distribution system.

Subject to certain limitations as specified in the agreement, the District will convey to Rowland, groundwater from the Central Basin. The District will bill Rowland on a monthly basis for water delivery costs. Rowland will pay the District for transporting water, and the District's direct cost of production, energy costs associated with the delivery of the water to the delivery point, any other variable cost of production.



**LA HABRA HEIGHTS COUNTY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 10 AGREEMENTS (CONTINUED)**

**B. Rowland Water District (Continued)**

On June 8, 2021, an Amendment to Water Production and Delivery Agreement was signed to settle a dispute related to the agreement. As part of the agreement Rowland will pay a wheeling rate of \$170.19 per acre-foot (AF) to the District for delivery of 1,300 AF during the fiscal year ended June 30, 2022. At the end of each fiscal year, the rate will be recalculated based on actual water delivered to Rowland. The wheeling rate will be increased annually in accordance with the CPI-U. In addition, the District will recover capital costs based on annual AF the District delivers to Rowland. In fiscal year 2024-2025 the District was reimbursed \$-0- pursuant to this agreement.

**C. Public Water System Settlement**

The District is a party to a settlement agreement in which it is anticipated to receive settlement funds periodically over the next 9 years. The District has recognized an estimated settlement receivable of \$1,742,712 and accrued interest of \$71,782 using the effective interest method for the series of estimated settlement payments to be received and an interest rate of 4.12%. No settlement payments were received during the current year. Subsequent to year end, the District received settlement payments of \$433,334 on September 11, 2025, and \$740,492 on December 5, 2025.

**NOTE 11 ACCOUNTING CHANGES**

Effective July 1, 2024, the District adopted GASB Statement No. 101, *Compensated Absences*. As a result of the implementation of this standard, the compensated absences liability as of July 1, 2024 was increased by \$78,911. The effect of the implementation of this standard on beginning net position is shown in the table below.

	<u>Net Position</u>
Beginning of year, as originally reported	\$ 20,012,610
Restatement - Change in accounting principle	<u>(78,911)</u>
Beginning of year, as restated	<u><u>\$ 19,933,699</u></u>

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**LA HABRA HEIGHTS COUNTY WATER DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
LAST TEN FISCAL YEARS**

Fiscal Year Ended	Miscellaneous									
	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Measurement Period	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Plan's Proportion of the Net Pension Liability	0.02909%	0.02863%	0.02668%	0.02192%	0.02192%	0.01973%	0.00692%	0.00726%	0.00654%	0.02102%
Plan's Proportionate Share of the Net Pension Liability	\$ 1,407,148	\$ 1,431,442	\$ 1,248,389	\$ 125,862	\$ 924,418	\$ 790,025	\$ 666,511	\$ 719,602	\$ 566,312	\$ 576,686
Plan's Covered Payroll	\$ 1,292,951	\$ 1,133,075	\$ 973,801	\$ 870,218	\$ 889,015	\$ 817,337	\$ 766,210	\$ 741,585	\$ 744,900	\$ 722,019
Plan's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	108.83%	126.33%	128.20%	14.46%	103.98%	96.66%	86.99%	97.04%	76.03%	79.87%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.43%	81.72%	82.75%	98.16%	85.16%	75.26%	75.26%	73.31%	74.06%	86.30%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 270,348	\$ 265,966	\$ 310,644	\$ 263,758	\$ 237,074	\$ 210,794	\$ 188,093	\$ 170,453	\$ 150,102	\$ 125,678

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

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

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

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

There were no changes in assumptions.

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

The discount rate was reduced from 7.65% to 7.15%.

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

Inflation was reduced from 2.75% to 2.5%.

From fiscal years June 30, 2019 to June 30, 2022:

There were no changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:

The discount rate and long-term rate of return were reduced from 7.15% to 6.90% and the inflation rate was reduced from 2.50% to 2.30%

From fiscal year June 30, 2023 to June 30, 2025:

There were no changes in assumptions.

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**LA HABRA HEIGHTS COUNTY WATER DISTRICT  
SCHEDULE OF PENSION CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year Ended	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Contractually Required Contribution (Actuarially Determined)	\$ 205,284	\$ 185,104	\$ 174,515	\$ 153,230	\$ 130,439	\$ 113,548	\$ 94,317	\$ 73,246	\$ 83,935	\$ 69,955
Contributions in Relation to the Actuarially Determined Contributions	(205,284)	(185,104)	(174,515)	(153,230)	(130,439)	(113,548)	(94,317)	(73,246)	(83,935)	(369,955)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (300,000)
Covered Payroll	\$ 1,124,547	\$ 1,292,951	\$ 1,133,075	\$ 973,801	\$ 870,218	\$ 889,015	\$ 817,337	\$ 766,210	\$ 741,585	\$ 744,900
Contributions as a Percentage of Covered Payroll	18.25%	14.32%	15.40%	15.74%	14.99%	12.77%	11.54%	9.56%	11.32%	49.67%
Notes to Schedule:										
Valuation Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
<b>Methods and Assumptions Used to Determine Contribution Rates:</b>										
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.300%	2.300%	2.300%	2.500%	2.500%	2.625%	2.75%	2.75%	2.75%	2.75%
Salary Increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	6.9% (3)	6.9% (3)	6.9% (3)	7.00% (3)	7.00% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement Age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed.

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

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

(4) 50 years (2%@60), 52 years (2%@62).

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

**LA HABRA HEIGHTS COUNTY WATER DISTRICT  
SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND RELATED RATIOS  
LAST TEN FISCAL YEARS\***

Fiscal Year-End	<u>6/30/2025</u>	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Measurement Date	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB Liability:								
Service Cost	\$ 45,293	\$ 41,222	\$ 72,157	\$ 81,490	\$ 63,338	\$ 53,903	\$ 73,499	\$ 59,254
Interest on Total OPEB Liability	43,045	39,648	33,988	37,420	46,666	46,632	46,184	43,498
Changes of Benefit Terms	-	-	-	-	-	-	174,350	-
Changes of Assumptions	81,552	(32,416)	(306,048)	150,582	38,845	110,974	(299,191)	-
Differences Between Expected and Actual Experience	217,582	-	(451,519)	-	(112,156)	-	(218,164)	-
Benefit Payments, Including Refunds of	(13,118)	(10,580)	(16,197)	(18,409)	(18,365)	(17,999)	(17,890)	(15,978)
Net Change in Total OPEB Liability	374,354	37,874	(667,619)	251,083	18,328	193,510	(241,212)	86,774
Total OPEB Liability - Beginning of Year	1,076,358	1,038,484	1,706,103	1,455,020	1,436,692	1,243,182	1,484,394	1,397,620
Total OPEB Liability - End of Year	<u>\$ 1,450,712</u>	<u>\$ 1,076,358</u>	<u>\$ 1,038,484</u>	<u>\$ 1,706,103</u>	<u>\$ 1,455,020</u>	<u>\$ 1,436,692</u>	<u>\$ 1,243,182</u>	<u>\$ 1,484,394</u>
Covered Employee Payroll	\$ 1,093,815	\$ 1,261,024	\$ 1,040,157	\$ 954,442	\$ 954,026	\$ 888,088	\$ 773,970	\$ 918,183
Total OPEB Liability as Percentage of Covered Employee Payroll	132.63%	85.36%	99.84%	178.75%	152.51%	161.77%	160.62%	161.67%

Notes to Schedule:

Benefit Changes:

MD 06/30/18: Spouse coverage and survivor benefits became available for retirees reaching age 62 with 40 years of service.

Changes in Assumptions- by Measurement Date (MD):

MD 06/30/18: Discount rate increased from 3.13% to 3.62%; Healthcare cost trend starting rate split between pre- and post- medicare.

MD 06/30/19: Discount rate decreased from 3.13% to 3.62%; Healthcare cost trend starting rate decreased from starting rate of 6% to 5.9%.

MD 06/30/20: Discount rate decreased from 3.13% to 2.45%; Healthcare cost trend adjusted to 4% increasing to 5.2% for 2024-2069 and then to 4% in 2070.

MD 06/30/21: Discount rate decreased from 2.45% to 1.92%

MD 06/30/22: Discount rate increased from 1.92% to 3.69%; Healthcare cost trend rate changed to 6.5% for 2022, 6.00% for 2023, 5.50% for 2024, 5.25% for 2025-2029, 5.00% for 2030-2039, 4.75% for 2040-2049, 4.50% for 2050-2069, and 4.00% 2070 and later.

MD 06/30/23: Discount rate increased to 3.86%

MD 06/30/24: Discount Rate increased to 3.97%; Healthcare cost trend rate changed to 7.5% for 2024 decreasing to 5.4% for 2029, 5.25% for 2030-2034, 4.6% for 2035-2049, 4.5% for 2050-2064, 4.25% for 2065-2074, and 4.00% 2070 and later.

\* Fiscal year 2018 was the first year of implementation; therefore, only eight years are shown.



## **SUPPLEMENTARY INFORMATION**

**LA HABRA HEIGHTS COUNTY WATER DISTRICT  
SCHEDULE OF OPERATING EXPENSES  
YEAR ENDED JUNE 30, 2025**

	<u>2025</u>	<u>2024</u>
Sources of Supply - Purchased Water	\$ 1,186,766	\$ 965,011
Depreciation	521,389	489,115
Administrative and General:		
Office Salaries	267,975	288,687
Manager's Salary	156,267	168,501
Insurance	309,013	277,991
Employee Benefits	532,893	530,604
Vacation, Sick Leave, and Holidays	184,906	189,922
Professional Services	110,971	94,041
Payroll Taxes	87,522	97,728
Maintenance - General Plant	141,882	119,674
Office Supplies and Equipment	67,114	67,751
Utilities	97,531	50,851
Automobile Service	50,611	59,976
Education and Meetings	18,892	22,172
Dues	28,689	25,819
Legal Services	44,675	60,125
Engineering Expenses	35,225	10,890
Property Taxes	5,893	5,335
Directors Fees and Election Expenses	7,307	7,300
Miscellaneous	11,155	9,242
Total Administrative and General	<u>2,158,521</u>	<u>2,086,609</u>
Pumping:		
Supervision and Maintenance	197,975	128,253
Purchased Power	890,212	753,953
Total Pumping	<u>1,088,187</u>	<u>882,206</u>
Transmission and Distribution:		
Supervision, Labor, and Expense	251,913	318,227
Maintenance - Structures and Plant	158,124	548,072
Joint Facilities Accounts	174,246	149,511
Total Transmission and Distribution	<u>584,283</u>	<u>1,015,810</u>
Customer Accounts	203,932	269,236
Water Treatment	<u>89,046</u>	<u>78,580</u>
Total Operating Expenses	<u><u>\$ 5,832,124</u></u>	<u><u>\$ 5,786,567</u></u>





**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
La Habra Heights County Water District  
La Habra Heights, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of La Habra Heights County Water District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the La Habra Heights County Water District's basic financial statements, and have issued our report thereon dated December 22, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered La Habra Heights County Water District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of La Habra Heights County Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of La Habra Heights County Water District's internal control.

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

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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether La Habra Heights County Water District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Irvine, California  
December 22, 2025