

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

WALNUT VALLEY WATER DISTRICT – BOARD ROOM

271 South Brea Canyon Road
Walnut, California 91789-3002
(909) 595-1268 • FAX (909) 594-9532

AGENDA FOR REGULAR QUARTERLY MEETING

Thursday, October 12, 2023, 4:00 PM

To comply with the Americans with Disabilities Act, if you need special assistance to participate in any Commission meeting, please contact the Administrative Officer's office at least 4 hours prior to a Commission meeting to inform the Agency of your needs and to determine if accommodation is feasible. Each item on the agenda shall be deemed to include any appropriate motion, resolution, or ordinance, to act on any item.

The agenda packet is available for public review at <https://walnutvalleywater.gov/pomona-walnut-rowland-joint-water-line/>.

1. Flag Salute

2. Roll Call: Ms. Kwong _____ Mr. Preciado _____ Mr. Lima _____
Mr. Hilden _____ Mr. Nolte _____ Mr. Bellah _____

3. Public Comment

At this time, the public shall have an opportunity to comment on any non-agenda item relevant to the jurisdiction of the Commission. Reasonable time limits on each topic and on each speaker are imposed in accordance with Commission policy.

4. Late Business, if any

No action shall be taken on any items not appearing on the posted Agenda except upon a determination by a majority of the Commission that an emergency situation exists, or upon a determination by a two-thirds vote of the Commission that there is a need to take immediate action and that the need to take action arose after the posting of the Agenda.

5. [Adopt Final Audit](#)

Malner

A. Discussion B. Action Taken

6. [Approval of Minutes for Meeting Held June 8, 2023](#)

Monk

A. Discussion B. Action Taken

7. [2024 Calendar/Meeting Schedule](#)

Monk

A. Discussion B. Action Taken

8. [Approval of Warrants and Charges Paid June 2023 through September 2023](#)

Malner

A. Discussion B. Action Taken

- | | |
|---|------------------|
| 9. Communications | Monk |
| 10. Approval of Financial Reports | Malner |
| A. Balance Sheet Ending June 30, 2023 | |
| B. Statement of Income & Expenses for the Period Ending June 30, 2023 | |
| C. Investment Reports for the Period Ending August 31, 2023 | |
| (1) Discussion | (2) Action Taken |
| 11. Three Valleys Municipal Water District | Monk |
| 12. Administrative Report | Monk |
| 13. Operations Report | Monk |
| 14. Water Use Reports for May through August 2023 | Malner |
| A. Discussion | B. Action Taken |
| 15. Commissioners Questions and Comments | |
| 16. Subjects for Discussion at Future Meetings | |
| 17. Adjournment | |

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

271 South Brea Canyon Road
Walnut, California 91789-3002
(909) 595-1268 • FAX (909) 594-9532

MEMORANDUM

TO: Commissioners Kwong, Lima and Preciado **DATE:** October 12, 2023
FROM: Myra Malner, Treasurer
RE: Adopt Final Audit

Attached is a copy of the final audit for fiscal year 2022-23 as prepared by C.J. Brown & Company CPA's. If there are no requested changes at this time, it is recommended that the Commission adopt the final audit. Upon approval of the final audit, a copy will be forwarded to each member agency for their file.

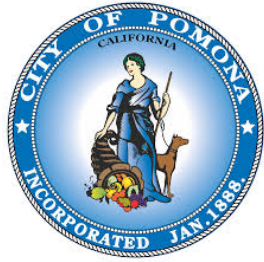


**Pomona-Walnut-Rowland
Joint Water Line Commission**

Annual Financial Report

For the Fiscal Years Ended June 30, 2023 and 2022

Presentation Version Subject to Board Approval



Board of Commissioners as of June 30, 2023

Name	Title	Elected/ Appointed
Scarlett Kwong	Commissioner	Appointed
Anthony J. Lima	Commissioner	Appointed
Victor Preciado	Commissioner	Appointed
Edwin Hilden	Alternate	Appointed
John Bellah	Alternate	Appointed
John Nolte	Alternate	Appointed

Pomona-Walnut-Rowland Joint Water Line Commission

Tom Monk, Administrative Officer

3021 Fullerton Road

Rowland Heights, California 91748

(562) 697-1726 – www.rowlandwater.com

**Pomona-Walnut-Rowland
Joint Water Line Commission**

Annual Financial Report

For the Fiscal Years Ended June 30, 2023 and 2022

Presentation Version Subject to Board Approval

Pomona-Walnut-Rowland Joint Water Line Commission
Annual Financial Report
For the Fiscal Years Ended June 30, 2023 and 2022

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Financial Section

Presentation Version Subject to Board Approval

Independent Auditor's Report

Board of Commissioners
Pomona-Walnut-Rowland Joint Water Line Commission
Rowland Heights, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Pomona-Walnut-Rowland Joint Water Line Commission (Commission), as of and for the years ended June 30, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the Commission 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 Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Independent Auditor's Report, continued

Auditor's Responsibilities for the Audits of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission'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 Commission's ability to continue as a going concern for a reasonable period of time.

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

Independent Auditor's Report, continued

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The other supplemental information on pages 27 through 30 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 auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information 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 October 12, 2023, on our consideration of the Commission'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 Commission'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 Commission's internal control over financial reporting and compliance. This report can be found on pages 31 and 32.

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

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Presentation Version Subject to Board Approval

Pomona-Walnut-Rowland Joint Water Line Commission
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2023 and 2022

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Pomona-Walnut-Rowland Joint Water Line Commission (Commission) provides an introduction to the financial statements of the Commission for the fiscal years ended June 30, 2023 and 2022. We encourage readers to consider the information presented here with additional information that we have furnished in the accompanying basic financial statements and related notes, which follow this section.

Financial Highlights

- The Commission's net position increased 1.61% or \$50,358 to \$3,174,288. In 2022, the Commission's net position increased 0.36% or \$11,085 to \$3,123,930.
- The Commission's operating revenues decreased 16.87% or \$3,576,792 to \$17,629,625. In 2022, the Commission's operating revenues decreased 5.68% or \$1,278,056 to \$21,206,417.
- The Commission's non-operating revenues increased 1,368.65% or \$28,988 to \$31,106. In 2022, the Commission's non-operating revenues decreased 18.13% or \$469 to \$2,118.
- The Commission's operating expenses decreased 16.86% or \$3,573,568 to \$17,625,516. In 2022, the Commission's operating expenses decreased 5.72% or \$1,285,030 to \$21,199,084.
- The Commission had no reportable non-operating expenses. In 2022, in Commission's non-operating expenses increased to \$13,509.
- There was no change in capital contributions for the fiscal year ended June 30, 2023 and 2022, respectively.

Required Financial Statements

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

The Statements of Net Position include all of the Commission's investments in resources (assets), deferred outflows of resources, obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for evaluating the results of operations, evaluating the capital structure of the Commission, and assessing the liquidity and financial flexibility of the Commission. All of the current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses, and Changes in Net Position. These statements measure the success of the Commission's operations over the past year and can be used to determine if the Commission has successfully recovered all of its costs through its water sales and other charges to its member agencies. In addition to tracking cost recovery performance, these statements can also be used to evaluate the results of operations and creditworthiness. The final required financial statements are the Statements of Cash Flows, which provide information about the Commission's cash receipts and cash payments during the reporting period. The Statements of Cash Flows report cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities, and 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.

Pomona-Walnut-Rowland Joint Water Line Commission
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2023 and 2022

Financial Analysis of the Commission

One of the most important questions asked about the Commission's finances is, "Is the Commission better off or worse off as a result of this year's activities?" The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report information about the Commission in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Commission's *net position* and changes in them. You can think of the Commission's net position – the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources – as one way to measure the Commission's financial health, or *financial position*. Over time, *increases or decreases* in the Commission's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 15 through 26.

Statements of Net Position

	Condensed Statements of Net Position				
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>2021</u>	<u>Change</u>
Assets:					
Current assets	\$ 3,598,236	4,221,592	(623,356)	4,905,237	(683,645)
Restricted assets	889,689	846,366	43,323	803,043	43,323
Capital assets, net	<u>1,419,371</u>	<u>1,447,551</u>	<u>(28,180)</u>	<u>1,475,731</u>	<u>(28,180)</u>
Total assets	<u>5,907,296</u>	<u>6,515,509</u>	<u>(608,213)</u>	<u>7,184,011</u>	<u>(668,502)</u>
Liabilities:					
Current liabilities	<u>2,733,008</u>	<u>3,391,579</u>	<u>(658,571)</u>	<u>4,071,166</u>	<u>(679,587)</u>
Total liabilities	<u>2,733,008</u>	<u>3,391,579</u>	<u>(658,571)</u>	<u>4,071,166</u>	<u>(679,587)</u>
Net position:					
Net investment in capital assets	1,419,371	1,447,551	(28,180)	1,475,731	(28,180)
Restricted for capital asset repairs and replacement	889,689	846,366	43,323	803,043	43,323
Unrestricted	<u>865,228</u>	<u>830,013</u>	<u>35,215</u>	<u>834,071</u>	<u>(4,058)</u>
Total net position	<u>\$ 3,174,288</u>	<u>3,123,930</u>	<u>50,358</u>	<u>3,112,845</u>	<u>11,085</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets exceeded liabilities by \$3,174,288 and \$3,123,930, as of June 30, 2023 and 2022, respectively.

The Commission's total net position is made up of three components: (1) net investment in capital assets, (2) restricted net position and (2) unrestricted net position.

Pomona-Walnut-Rowland Joint Water Line Commission
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2023 and 2022

Statements of Net Position, continued

By far the largest portion of the Commission's net position (45% and 46% as of June 30, 2023 and 2022, respectively) reflects the Commission's net investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The Commission uses these capital assets to provide services to its member agencies; consequently, these assets are not available for future spending.

At the end of fiscal years 2023 and 2022, the Commission showed a positive balance in its unrestricted net position of \$865,228 and \$830,013, respectively, which may be utilized in future years.

Statements of Revenues, Expenses, and Changes in Net Position

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

	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>2021</u>	<u>Change</u>
Revenues:					
Operating revenues	\$ 17,629,625	21,206,417	(3,576,792)	22,484,473	(1,278,056)
Non-operating revenue	31,106	2,118	28,988	2,587	(469)
Total revenues	<u>17,660,731</u>	<u>21,208,535</u>	<u>(3,547,804)</u>	<u>22,487,060</u>	<u>(1,278,525)</u>
Expenses:					
Operating expenses	17,625,516	21,199,084	(3,573,568)	22,484,114	(1,285,030)
Non-operating expense	-	13,509	(13,509)	-	13,509
Depreciation	28,180	28,180	-	27,586	594
Total expenses	<u>17,653,696</u>	<u>21,240,773</u>	<u>(3,587,077)</u>	<u>22,511,700</u>	<u>(1,270,927)</u>
Net income (loss) before capital contributions	<u>7,035</u>	<u>(32,238)</u>	<u>39,273</u>	<u>(24,640)</u>	<u>(7,598)</u>
Capital contributions:					
Surcharges	43,323	43,323	-	43,323	-
Total capital contributions	<u>43,323</u>	<u>43,323</u>	<u>-</u>	<u>43,323</u>	<u>-</u>
Change in net position	50,358	11,085	39,273	18,683	(7,598)
Net position, beginning of period	<u>3,123,930</u>	<u>3,112,845</u>	<u>11,085</u>	<u>3,094,162</u>	<u>18,683</u>
Net position, end of period	<u>\$ 3,174,288</u>	<u>3,123,930</u>	<u>50,358</u>	<u>3,112,845</u>	<u>11,085</u>

The Statement of Revenues, Expenses, and Changes in Net Position show how the Commission's net position changed during the fiscal years. In 2023, net position increased 1.61% or \$50,358 to \$3,174,288, due to \$43,323 in capital contributions in the current year and net income of \$7,035 from ongoing operations. In 2022, net position increased 0.36% or \$11,085 to \$3,123,930, due to \$43,323 in capital contributions in the current year, offset by a net loss of \$32,238 from ongoing operations.

A closer examination of net position reveals that:

In 2023, total revenues decreased 16.73% or \$3,547,804 to \$17,660,731. Operating revenues decreased 16.87% or \$3,576,792 to \$17,629,625, due primarily to a decrease of \$3,577,792 in water sales to member agencies.

In 2022, total revenues decreased 5.69% or \$1,278,525 to \$21,208,535. Operating revenues decreased 5.68% or \$1,278,056 to \$21,206,417, due to a decrease in water sales to member agencies.

Pomona-Walnut-Rowland Joint Water Line Commission
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2023 and 2022

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

In 2023, non-operating revenues increased 1,368.65% or \$28,988 to \$31,106, primarily due to an increase of \$30,974 in investment income.

In 2022, non-operating revenues decreased 18.13% or \$469 to \$2,118, primarily due to a decrease of \$1,197 in investment income.

In 2023, total expenses decreased 16.89% or \$3,587,077 to \$17,653,696. Operating expenses decreased 16.86% or \$3,573,568 to \$17,625,516, primarily due to decreases of \$3,577,792 in water purchases.

In 2022, total expenses decreased 5.65% or \$1,270,927 to \$21,240,773. Operating expenses decreased 5.72% or \$1,285,030 to \$21,199,084, primarily due to decreases of \$1,278,056 in water purchases and \$7,371 in maintenance costs.

In 2023, there were no non-operating expenses.

In 2022, non-operating expenses increased 100.00% to \$13,509, due to an increase in unrealized loss on investments, net of investment income due to the effect of fair market value adjustments at year-end.

In 2023, depreciation expense did not change from prior year.

In 2022, depreciation expense increased 2.15% or \$594 to \$28,180 due to the maturation of existing depreciable assets.

As of June 30, 2023 and 2022, total capital contributions were \$43,323, respectively.

Budget vs. Actual - 2023				
	2023 Budget	2023 Actual	Dollar Change	Percent Change
Revenues:				
Operating revenues	\$ 20,648,994	17,629,625	(3,019,369)	-14.62%
Non-operating revenues	7,000	31,106	24,106	344.37%
Total revenues	20,655,994	17,660,731	(2,995,263)	-14.50%
Expenses:				
Operating expenses (incl. depr.)	21,098,994	17,653,696	(3,445,298)	16.33%
Total expenses	21,098,994	17,653,696	(3,445,298)	16.33%
Net (loss) income before capital contributions	(443,000)	7,035	450,035	101.59%
Capital contributions:				
Surcharges	43,323	43,323	-	-
Total capital contributions	43,323	43,323	-	-
Change in net position	(399,677)	50,358	450,035	112.60%

Pomona-Walnut-Rowland Joint Water Line Commission
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2023 and 2022

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

	Budget vs. Actual - 2022			
	<u>2022 Budget</u>	<u>2022 Actual</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues:				
Operating revenues	\$ 20,622,307	21,206,417	584,110	2.83%
Non-operating revenues	<u>12,750</u>	<u>2,118</u>	<u>(10,632)</u>	<u>-83.39%</u>
Total revenues	<u>20,635,057</u>	<u>21,208,535</u>	<u>573,478</u>	<u>2.78%</u>
Expenses:				
Operating expenses (incl. depr.)	21,072,307	21,227,264	154,957	-0.74%
Non-operating expense	<u>-</u>	<u>13,509</u>	<u>13,509</u>	<u>100.00%</u>
Total expenses	<u>21,072,307</u>	<u>21,240,773</u>	<u>168,466</u>	<u>-0.80%</u>
Net loss before capital contributions	<u>(437,250)</u>	<u>(32,238)</u>	<u>405,012</u>	<u>92.63%</u>
Capital contributions:				
Surcharges	<u>43,323</u>	<u>43,323</u>	<u>-</u>	<u>-</u>
Total capital contributions	<u>43,323</u>	<u>43,323</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(393,927)</u>	<u>11,085</u>	<u>405,012</u>	<u>102.81%</u>

The majority of operating revenue is derived from water sales to member agencies. The Commission predicts water sales by using a three-year rolling average. This is calculated by estimating how many acre-feet of water will be purchased from the Three Valleys Municipal Water District at the prevailing Tier I and Tier II water rates. As in previous years, these assumptions do not include any special programs offered by the Commission in the efforts to promote water conservation.

In fiscal year 2022-2023, the Commission estimated 18,050 acre-feet of Tier I water purchases at an average rate of \$1,161 per acre-foot. The Commission actually purchased 14,713 acre-feet of Tier I water.

In fiscal year 2021-2022, the Commission estimated 18,050 acre-feet of Tier I water purchases at an average rate of \$1,110 per acre-foot. The Commission actually purchased 18,658 acre-feet of Tier I water.

Capital Asset Administration

Changes in capital assets for 2023, were as follows:

	<u>Balance 2022</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2023</u>
Capital assets:				
Depreciable assets	\$ 2,470,480	-	-	2,470,480
Accumulated depreciation	<u>(1,022,929)</u>	<u>(28,180)</u>	<u>-</u>	<u>(1,051,109)</u>
Total capital assets	<u>\$ 1,447,551</u>	<u>(28,180)</u>	<u>-</u>	<u>1,419,371</u>

Pomona-Walnut-Rowland Joint Water Line Commission
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2023 and 2022

Capital Asset Administration

Changes in capital assets for 2022, were as follows:

	<u>Balance 2021</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2022</u>
Capital assets:				
Depreciable assets	\$ 2,470,480	-	-	2,470,480
Accumulated depreciation	(994,749)	(28,180)	-	(1,022,929)
Total capital assets	\$ 1,475,731	(28,180)	-	1,447,551

At the end of fiscal year 2023 and 2022, the Commission's capital assets amounted to \$1,419,371 and \$1,447,551 (net of accumulated depreciation), respectively. These capital assets include pipelines and improvements, service connections, and telemetry systems. See note 3 to the basic financial statements for further detailed information on the Commission's capital assets.

Economic Factors and Next Year's Budget and Rates

Fiscal Year 2023 Actual vs. Fiscal Year 2024 Budget

	<u>2023 Actual</u>	<u>2024 Budget</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues:				
Operating revenues	\$ 17,629,625	21,794,547	4,164,922	23.62%
Non-operating revenues	31,106	7,000	(24,106)	-77.50%
Total revenues	<u>17,660,731</u>	<u>21,801,547</u>	<u>4,140,816</u>	<u>23.45%</u>
Expenses:				
Operating expenses (incl. depr.)	17,653,696	22,244,547	(4,590,851)	-26.01%
Total expenses	<u>17,653,696</u>	<u>22,244,547</u>	<u>(4,590,851)</u>	<u>-26.01%</u>
Net income (loss) before capital contributions	<u>7,035</u>	<u>(443,000)</u>	<u>(450,035)</u>	<u>6397.09%</u>
Capital contributions:				
Surcharges	43,323	43,323	-	-
Total capital contributions	<u>43,323</u>	<u>43,323</u>	<u>-</u>	<u>-</u>
Change in net position	<u>50,358</u>	<u>(399,677)</u>	<u>(450,035)</u>	<u>893.67%</u>
Net position, beginning of period	<u>3,123,930</u>	<u>3,174,288</u>	<u>50,358</u>	<u>1.61%</u>
Net position, end of period	\$ <u>3,174,288</u>	<u>2,774,611</u>	<u>(399,677)</u>	<u>-12.59%</u>

Pomona-Walnut-Rowland Joint Water Line Commission
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2023 and 2022

Economic Factors and Next Year's Budget and Rates, continued

Fiscal Year 2022 Actual vs. Fiscal Year 2023 Budget

	<u>2022 Actual</u>	<u>2023 Budget</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues:				
Operating revenues	\$ 21,206,417	20,648,994	(557,423)	-2.63%
Non-operating revenues	2,118	7,000	4,882	230.50%
Total revenues	<u>21,208,535</u>	<u>20,655,994</u>	<u>(552,541)</u>	<u>-2.61%</u>
Expenses:				
Operating expenses (incl. depr.)	21,227,264	21,098,994	128,270	0.60%
Non-operating expense	13,509	-	13,509	100.00%
Total expenses	<u>21,240,773</u>	<u>21,098,994</u>	<u>141,779</u>	<u>0.67%</u>
Net loss before capital contributions	<u>(32,238)</u>	<u>(443,000)</u>	<u>(410,762)</u>	<u>1274.15%</u>
Capital contributions:				
Surcharges	43,323	43,323	-	-
Total capital contributions	<u>43,323</u>	<u>43,323</u>	<u>-</u>	<u>-</u>
Change in net position	11,085	(399,677)	(410,762)	-3705.57%
Net position, beginning of period	<u>3,112,845</u>	<u>3,123,930</u>	<u>11,085</u>	<u>0.36%</u>
Net position, end of period	<u>\$ 3,123,930</u>	<u>2,724,253</u>	<u>(399,677)</u>	<u>-12.79%</u>

The Commission's Board of Commissioners and Administrative Officer consider several factors when setting the fiscal year budget. One factor is the water sales projection that each agency gives. This is taken into consideration along with historical water use numbers in setting future years operating revenues. As in previous years, the majority of operating revenues are directly offset by operating expenses. This is due to the correlation between water sales and purchased water costs.

In fiscal years 2022-2023 and 2021-2022, the Commission factored in actual costs when looking at administrative expenses. This was determined by looking at actual time and/or material cost in all matters directly relating to the Joint Water Line. As in previous years, the last factor is the funding of depreciation and replacement of the water line.

In fiscal years 2022-2023 and 2021-2022, an amount equal to \$43,323 of the \$11,085 change in ending net position, shown in the table above, is/was projected to be transferred to reserves for depreciation and replacement, respectively.

Conditions Affecting Current Financial Position

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

Pomona-Walnut-Rowland Joint Water Line Commission
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2023 and 2022

Requests for Information

This financial report is designed to provide the Commission's present users, including funding sources, customers, stakeholders, and other interested parties with a general overview of the Commission's finances and to demonstrate the Commission's accountability with an overview of the Commission's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact Myra Malner, Commission Treasurer, at Rowland Water District, 3021 Fullerton Road, Rowland Heights, California, 91748 or (562) 697-1726.

Presentation Version Subject to Board Approval

Basic Financial Statements

Presentation Version Subject to Board Approval

Pomona-Walnut-Rowland Joint Water Line Commission
Statements of Net Position
June 30, 2023 and 2022

	2023	2022
Current assets:		
Cash and cash equivalents (note 2)	\$ 851,246	820,191
Accrued interest receivable	11,838	2,775
Accounts receivable	2,733,612	3,397,168
Prepaid expenses	1,540	1,458
Total current assets	3,598,236	4,221,592
Restricted Assets		
Cash and cash equivalents (note 2)	878,858	835,535
Accounts receivable	10,831	10,831
Total restricted assets	889,689	846,366
Non-current assets:		
Capital assets – being depreciated, net (note 3)	1,419,371	1,447,551
Total non-current assets	1,419,371	1,447,551
Total assets	5,907,296	6,515,509
Current liabilities:		
Accounts payable	2,733,008	3,391,579
Total current liabilities	2,733,008	3,391,579
Total liabilities	2,733,008	3,391,579
Net position (note 4):		
Net investment in capital assets	1,419,371	1,447,551
Restricted for capital asset repairs and replacement	889,689	846,366
Unrestricted	865,228	830,013
Total net position	\$ 3,174,288	3,123,930

See accompanying notes to the basic financial statements

Pomona-Walnut-Rowland Joint Water Line Commission
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2023 and 2022

	2023	2022
Operating revenues:		
Water sales to member agencies	\$ 17,528,825	21,106,617
Member agency assessments	100,800	99,800
Total operating revenues	17,629,625	21,206,417
Operating expenses:		
Water purchases	17,528,825	21,106,617
Maintenance	18,216	13,315
General and administrative	64,200	64,200
Insurance expense	2,296	2,183
Legal fees	245	815
Auditing	6,156	7,154
Other	5,578	4,800
Total operating expenses	17,625,516	21,199,084
Operating income before depreciation	4,109	7,333
Depreciation	(28,180)	(28,180)
Operating loss	(24,071)	(20,847)
Non-operating revenue (expense), net:		
Investment income	30,974	-
Unrealized loss on investments, net	-	(13,509)
Other non-operating revenue	132	2,118
Total non-operating revenue (expense), net	31,106	(11,391)
Net income (loss) before capital contributions	7,035	(32,238)
Capital contributions:		
Surcharges	43,323	43,323
Total capital contributions	43,323	43,323
Changes in net position	50,358	11,085
Net position, beginning of period	3,123,930	3,112,845
Net position, end of period	\$ 3,174,288	3,123,930

See accompanying notes to the basic financial statements

Pomona-Walnut-Rowland Joint Water Line Commission
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash received from member agencies	\$ 18,293,181	21,799,373
Cash paid to vendors and suppliers for materials and services	<u>(18,284,169)</u>	<u>(21,878,222)</u>
Net cash provided by (used in) operating activities	<u>9,012</u>	<u>(78,849)</u>
Cash flows from capital and related financing activities:		
Capital surcharge	<u>43,323</u>	<u>43,323</u>
Net cash provided by capital and related financing activities	<u>43,323</u>	<u>43,323</u>
Cash flows from investing activities:		
Investment income (loss), net of fair value	<u>22,043</u>	<u>(12,959)</u>
Net cash provided by (used in) investing activities	<u>22,043</u>	<u>(12,959)</u>
Net increase (decrease) in cash and cash equivalents	74,378	(48,485)
Cash and cash equivalents – beginning of year	<u>1,655,726</u>	<u>1,704,211</u>
Cash and cash equivalents – end of year	<u>\$ 1,730,104</u>	<u>1,655,726</u>
 Reconciliation of cash and cash equivalents to statement of financial position:		
Cash and cash equivalents	\$ 851,246	820,191
Cash and cash equivalents – restricted	<u>878,858</u>	<u>835,535</u>
Total cash and cash equivalents	<u>\$ 1,730,104</u>	<u>1,655,726</u>
 Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	\$ <u>(24,071)</u>	<u>(20,847)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	28,180	28,180
Change in assets and liabilities:		
Increase in assets:		
Accounts receivable	663,556	592,956
Prepaid expenses	(82)	449
Increase in liabilities:		
Accounts payable	<u>(658,571)</u>	<u>(679,587)</u>
Total adjustments	<u>33,083</u>	<u>(58,002)</u>
Net cash provided by (used in) operating activities	<u>\$ 9,012</u>	<u>(78,849)</u>

See accompanying notes to the basic financial statements

Pomona-Walnut-Rowland Joint Water Line Commission
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2023 and 2022

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Pomona-Walnut-Rowland Joint Water Line Commission (Commission) was formed under the Joint Powers Agreement of 1956 between the City of Pomona, Walnut Valley Water District, and Rowland Water District (the Agreement) for the purpose of acquiring, constructing, maintaining, repairing, managing, operating, and controlling a water transmission pipeline for the benefit of the member agencies. The original agreement was for a term of fifty years and has resulted in substantial cost savings for each of its member agencies. On December 21, 2006, the Agreement was amended, restated, and renewed and will continue to be enforced for twenty years from this date, with three, ten-year extensions allowable upon written consent of each of the member agencies.

The Commission purchases water for resale to the member agencies at a price sufficient to provide reserve funds for emergencies. Member agencies are billed for the cost of maintenance and operations of the pipeline.

B. Basis of Accounting and Measurement Focus

The Commission reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Commission is that the cost of providing water to its member agencies on a continuing basis be financed or recovered primarily through water sales, capital contributions and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as water sales and water purchases, result from exchange transactions associated with the principal activity of the Commission. Exchange transactions are those in which each party receives and gives up essentially equal value. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses. Non-operating revenues and expenses, such as grant funding, investment income and interest expense, result from non-exchange transactions, in which the Commission gives (receives) value without directly (giving) value in exchange.

C. Financial Reporting

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

Pomona-Walnut-Rowland Joint Water Line Commission
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2023 and 2022

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

C. Financial Reporting, continued

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

Governmental Accounting Standards Board Statement No. 91

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

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

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

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

Governmental Accounting Standards Board Statement No. 93

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

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

Pomona-Walnut-Rowland Joint Water Line Commission
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2023 and 2022

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

C. Financial Reporting, continued

Governmental Accounting Standards Board Statement No. 94

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

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

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

Governmental Accounting Standards Board Statement No. 96

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

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

Pomona-Walnut-Rowland Joint Water Line Commission
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2023 and 2022

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

C. Financial Reporting, continued

Governmental Accounting Standards Board Statement No. 97

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

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

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

1. Use of Estimates

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

2. Cash and Cash Equivalents

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

Pomona-Walnut-Rowland Joint Water Line Commission
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2023 and 2022

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

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

3. Investments and Investment Policy

The Commission's investment policy authorizes investments in certificates-of-deposit and the California Local Agency Investment Fund (LAIF). The Commission's investment policy does contain specific provisions intended to limit its exposure to interest rate risk, credit risk, custodial risk, and concentration of credit risk.

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

4. Fair Value Measurements

The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- **Level 1** – Valuation level is based on quoted prices in active markets for identical assets.
- **Level 2** – Valuation level is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.
- **Level 3** – Valuation level is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity and other assumptions that are internally generated and cannot be observed in the market.

5. Restricted Assets

Restricted assets are financial resources generated for a specific purpose such as capital projects. These assets are for the benefit of a specified purpose and, as such, are legally or contractually restricted by an external third-party agreement.

The Commission's restricted assets are the accumulation of capital surcharges assessed to each member agency. These funds are restricted for major repairs and replacement of water.

6. Accounts Receivable and Allowance for Uncollectible Accounts

The Commission extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the Commission uses the allowance method for the reservation and write-off of those accounts. As of June 30, 2023 and 2022, there is no allowance for uncollectible accounts as management believes all accounts will be collected.

7. Prepaid Expenses

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

Pomona-Walnut-Rowland Joint Water Line Commission
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2023 and 2022

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

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

8. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. Commission policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at acquisition value at the date of the donation. Capital assets received in service concession arrangements are reported at acquisition value. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

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

- Pipelines and improvements – 150 years
- Service connections – 150 years
- Telemetry systems – 10 years
- Valve replacements – 50 years

9. Net Position

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

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding balances of any debt, or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted** – Consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments, or constraints imposed by law through enabling legislation.
- **Unrestricted** – Consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted components of net position.

10. Water Sales and Services

Water sales are billed on a monthly cyclical basis and recognize the respective revenues when they are earned.

11. Capital Contributions

Capital contributions represent cash contributed to the Commission by member agencies for the cost of maintenance and operations of the pipeline.

12. Budgetary Policies

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

Pomona-Walnut-Rowland Joint Water Line Commission
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2023 and 2022

(2) Cash and Cash Equivalents

Cash and cash equivalents as of June 30 are classified in the accompanying financial statements as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 851,246	820,191
Cash and cash equivalents – restricted	<u>878,858</u>	<u>835,535</u>
Total cash and cash equivalents	<u>\$ 1,730,104</u>	<u>1,655,726</u>

Cash and cash equivalents as of June 30 consist of the following:

	<u>2023</u>	<u>2022</u>
Deposits with financial institutions	\$ 245,192	192,724
Deposits in		
Local Agency Investment Fund (LAIF)	<u>1,484,912</u>	<u>1,463,002</u>
Total cash and cash equivalents	<u>\$ 1,730,104</u>	<u>1,655,726</u>

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

	<u>2023</u>	<u>2022</u>
Deposits in		
Local Agency Investment Fund (LAIF)	<u>260 days</u>	<u>311 days</u>

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

The table below identifies the investment types that are authorized by the Commission in accordance with the California Government Code (or the Commission's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Commission'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
U.S. Treasury Obligations	5 years	None	None
State Obligations - CA and Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Collateralize Bank Deposits	5 years	None	None
Corporate debt - Short and Long Term	5 years	None	None
Commercial Paper - Pooled Funds	270 days	40% of the District's	10%
Commercial Paper - Non-Pooled Funds	270 days	money	
Repurchase agreements	1 year	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Pomona-Walnut-Rowland Joint Water Line Commission
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2023 and 2022

(2) Cash and Cash Equivalents, continued

Investment in State Investment Pool

The Commission is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 and is under the management of the Treasurer of the State of California with oversight provided by the Local Agency Investment Advisory Board. The fair value of the Commission's investment in this pool is reported in the accompanying financial statements at amounts based upon the Commission'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. Bank balances are secured by the pledging of a pool of eligible securities to collateralize the Commission's deposits with the bank in accordance with the Code.

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

Interest Rate Risk

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

Custodial Credit Risk

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

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the Commission'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 Commission deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Commission's name.

Pomona-Walnut-Rowland Joint Water Line Commission
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2023 and 2022

(2) Cash and Cash Equivalents, continued

Credit Risk

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.

Concentration of Credit Risk

The Commission's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. The Commission's deposit portfolio with governmental agencies, LAIF, is 86% and 88% as of June 30, 2023 and 2022, respectively, of the Commission's total depository and investment portfolio. There were no investments in any one non-governmental issuer that represent 5% or more of the Commission's total investments.

(3) Capital Assets

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

	<u>Balance 2022</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2023</u>
Depreciable assets:				
Pipeline and improvements	\$ 2,281,203	-	-	2,281,203
Service connections	85,277	-	-	85,277
Telemetry system	104,000	-	-	104,000
Total depreciable assets	<u>2,470,480</u>	<u>-</u>	<u>-</u>	<u>2,470,480</u>
Accumulated depreciation:				
Pipeline and improvements	(910,194)	(17,211)	-	(927,405)
Service connections	(37,542)	(569)	-	(38,111)
Telemetry system	(75,193)	(10,400)	-	(85,593)
Total accumulated depreciation	<u>(1,022,929)</u>	<u>(28,180)</u>	<u>-</u>	<u>(1,051,109)</u>
Total depreciable assets, net	<u>\$ 1,447,551</u>	<u>(28,180)</u>	<u>-</u>	<u>1,419,371</u>

Changes in capital assets for the year ended June 30, 2022, were as follows:

	<u>Balance 2021</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2022</u>
Depreciable assets:				
Pipeline and improvements	\$ 2,281,203	-	-	2,281,203
Service connections	85,277	-	-	85,277
Telemetry system	104,000	-	-	104,000
Total depreciable assets	<u>2,470,480</u>	<u>-</u>	<u>-</u>	<u>2,470,480</u>
Accumulated depreciation:				
Pipeline and improvements	(892,983)	(17,211)	-	(910,194)
Service connections	(36,973)	(569)	-	(37,542)
Telemetry system	(64,793)	(10,400)	-	(75,193)
Total accumulated depreciation	<u>(994,749)</u>	<u>(28,180)</u>	<u>-</u>	<u>(1,022,929)</u>
Total depreciable assets, net	<u>\$ 1,475,731</u>	<u>(28,180)</u>	<u>-</u>	<u>1,447,551</u>

Pomona-Walnut-Rowland Joint Water Line Commission
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2023 and 2022

(3) Capital Assets, continued

For the fiscal years ending June 30, 2023 and 2022, the Commission had \$0 in capital asset additions, respectively.

(4) Net Position

Calculation of net position as of June 30, were as follows:

	2023	2022
Net investment in capital assets:		
Capital assets, net	\$ 1,419,371	1,447,551
Restricted:		
Capital asset repairs and replacement	889,689	846,366
Unrestricted:	865,228	830,013
Total net position	\$ 3,174,288	3,123,930

(5) Risk Management

The Commission is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Commission is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

On June 30, 2023, the Commission participated in the liability programs of the ACWA/JPIA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$5,000,000 per occurrence. The JPIA purchases additional excess coverage layers up to \$55 million per occurrence total for general, auto and public officials' liability, which increases the limits on the insurance coverage noted above.
- The Commission participates in group purchase Cyber Liability made available for all Agencies participating in the Liability Program. It protects the Commission from risks relating to information technology infrastructure and activities by first and third parties. The limit is \$3,000,000 per loss/\$5,000,000 program annual aggregate.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the Commission's insurance coverage during the fiscal years ended June 30, 2023, 2022, and 2021. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There was no IBNR claims payable as of June 30, 2023, 2022, and 2021.

Pomona-Walnut-Rowland Joint Water Line Commission
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2023 and 2022

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2023, that has effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 99

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

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

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

Governmental Accounting Standards Board Statement No. 100

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

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

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

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

Pomona-Walnut-Rowland Joint Water Line Commission
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2023 and 2022

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

Governmental Accounting Standards Board Statement No. 101

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

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

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

(7) Commitments and Contingencies

Litigation

In the ordinary course of operations, the Commission is subject to claims and litigation from outside parties. After consultation with legal counsel, the Commission believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

(8) Subsequent Events

Events occurring after June 30, 2023, have been evaluated for possible adjustment to the financial statements or disclosure as of October 12, 2023, which is the date the financial statements were available to be issued.

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Supplementary Information

Presentation Version Subject to Board Approval

Pomona-Walnut-Rowland Joint Water Line Commission
Combining Schedule of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2023

	<u>Water Operations</u>	<u>General and Administrative</u>	<u>Total</u>
Operating revenues:			
Water sales to member agencies	\$ 17,528,825	-	17,528,825
Member agency assessments	-	100,800	100,800
Total operating revenues	<u>17,528,825</u>	<u>100,800</u>	<u>17,629,625</u>
Operating expenses:			
Water purchases	17,528,825	-	17,528,825
Maintenance	18,216	-	18,216
General and administrative	-	64,200	64,200
Insurance expense	-	2,296	2,296
Legal fees	-	245	245
Auditing	-	6,156	6,156
Other	-	5,578	5,578
Total operating expenses	<u>17,547,041</u>	<u>78,475</u>	<u>17,625,516</u>
Operating (loss) income before depreciation	(18,216)	22,325	4,109
Depreciation	(28,180)	-	(28,180)
Operating (loss) income	<u>(46,396)</u>	<u>22,325</u>	<u>(24,071)</u>
Non-operating revenue (expense), net:			
Investment income	30,974	-	30,974
Other non-operating revenue	132	-	132
Total non-operating revenue (expense), net	<u>31,106</u>	<u>-</u>	<u>31,106</u>
Net (loss) income before capital contributions	<u>(15,290)</u>	<u>22,325</u>	<u>7,035</u>
Capital contributions:			
Surcharges	43,323	-	43,323
Total capital contributions	<u>43,323</u>	<u>-</u>	<u>43,323</u>
Changes in net position	28,033	22,325	50,358
Net position, beginning of period	<u>2,907,550</u>	<u>216,380</u>	<u>3,123,930</u>
Net position, end of period	<u>\$ 2,935,583</u>	<u>238,705</u>	<u>3,174,288</u>

Pomona-Walnut-Rowland Joint Water Line Commission
Combining Schedule of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2022

	<u>Water Operations</u>	<u>General and Administrative</u>	<u>Total</u>
Operating revenues:			
Water sales to member agencies	\$ 21,106,617	-	21,106,617
Member agency assessments	-	99,800	99,800
Total operating revenues	<u>21,106,617</u>	<u>99,800</u>	<u>21,206,417</u>
Operating expenses:			
Water purchases	21,106,617	-	21,106,617
Maintenance	13,315	-	13,315
General and administrative	-	64,200	64,200
Insurance expense	-	2,183	2,183
Legal fees	-	815	815
Auditing	-	7,154	7,154
Other	-	4,800	4,800
Total operating expenses	<u>21,119,932</u>	<u>79,152</u>	<u>21,199,084</u>
Operating (loss) income before depreciation	(13,315)	20,648	7,333
Depreciation	(28,180)	-	(28,180)
Operating (loss) income	<u>(41,495)</u>	<u>20,648</u>	<u>(20,847)</u>
Non-operating revenue (expense):			
Unrealized loss on investments, net	(13,509)	-	(13,509)
Other non-operating revenue	2,118	-	2,118
Total non-operating revenues (expense), net	<u>(11,391)</u>	<u>-</u>	<u>(11,391)</u>
Net (loss) income before capital contributions	<u>(52,886)</u>	<u>20,648</u>	<u>(32,238)</u>
Capital contributions:			
Surcharges	43,323	-	43,323
Total capital contributions	<u>43,323</u>	<u>-</u>	<u>43,323</u>
Changes in net position	(9,563)	20,648	11,085
Net position, beginning of period	<u>2,917,113</u>	<u>195,732</u>	<u>3,112,845</u>
Net position, end of period	<u>\$ 2,907,550</u>	<u>216,380</u>	<u>3,123,930</u>

Pomona-Walnut-Rowland Joint Water Line Commission
Schedule of Assets Invested in Capital Assets by Member Agency
For the Fiscal Year Ended June 30, 2023

	City of Pomona	Walnut Valley Water District	Rowland Water District	Total
Pipeline section A-B	\$ 276,438	151,474	106,031	533,943
Pipeline section B-D	188,719	150,958	94,359	434,036
Pipeline section D-F	-	621,096	386,002	1,007,098
Pipeline relocation	129,970	105,948	70,208	306,126
Telemetry system	-	60,320	43,680	104,000
Service connections	66,374	8,455	10,448	85,277
Total capital assets	\$ 661,501	1,098,251	710,728	2,470,480

* This schedule does not include accumulated depreciation

Pomona-Walnut-Rowland Joint Water Line Commission
Schedule of Assets Invested in Capital Assets by Member Agency
For the Fiscal Year Ended June 30, 2022

	City of Pomona	Walnut Valley Water District	Rowland Water District	Total
Pipeline section A-B	\$ 276,438	151,474	106,031	533,943
Pipeline section B-D	188,719	150,958	94,359	434,036
Pipeline section D-F	-	621,096	386,002	1,007,098
Pipeline relocation	129,970	105,948	70,208	306,126
Telemetry system	-	60,320	43,680	104,000
Service connections	66,374	8,455	10,448	85,277
Total capital assets	\$ <u>661,501</u>	<u>1,098,251</u>	<u>710,728</u>	<u>2,470,480</u>

* This schedule does not include accumulated depreciation

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Report on Internal Controls and Compliance

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**Independent Auditor's Report on Internal Controls 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 Commissioners
Pomona-Walnut-Rowland Joint Water Line Commission
Rowland 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 the Pomona-Walnut-Rowland Joint Water Line Commission (Commission) as of and for the fiscal years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprises the Commission's basic financial statements, and have issued our report thereon dated October 12, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Presentation Version Subject to Board Approval

**Pomona-Walnut-Rowland
Joint Water Line Commission**

Management Report

June 30, 2023

Presentation Version

Pomona-Walnut-Rowland Joint Water Line Commission

Management Report

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Presentation Version

CONFIDENTIAL

Board of Commissioners
Pomona-Walnut-Rowland Joint Water Line Commission
Rowland Heights, California

Dear Members of the Board:

In planning and performing our audit of the financial statements of the Pomona-Walnut-Rowland Joint Water Line Commission (Commission) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered Commission internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

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

Current Year Comments and Recommendations

No Comments Noted

Prior Year Comments and Recommendations

Disclosure of Audit Adjustments and Reclassifications

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

Management's Response

We have reviewed and approved the audit adjustment entries provided by the auditor and have entered the entries into the Commission's accounting system.

* * * * *

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

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

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

APPENDIX

**Pomona-Walnut-Rowland
Joint Water Line Commission**

Audit/Finance Committee Letter

June 30, 2023

Presentation Version

Board of Commissioners
Pomona-Walnut-Rowland Joint Water Line Commission
Rowland Heights, California

We have audited the financial statements of the business-type activities of the Pomona-Walnut-Rowland Joint Water Line Commission (Commission) for the year ended June 30, 2023, and have issued our report thereon dated October 12, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 11, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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

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

If any, we have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated October 12, 2023.

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

An auditor that is not involved in the engagement performed an independent review of the financial statements that was prepared by us based on the information provided by management. This safeguard reduces the threat of self-review risk to an acceptable level.

Required Risk Assessment Procedures per Auditing Standards:

As the auditor of the Commission, we are required per AU-C Section 240, "Consideration of Fraud in a Financial Statement Audit", to "ordinarily" presume and consider the following risks in designing our audit procedures:

- Management override of controls
- Revenue recognition

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Commission is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

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

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

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

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

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

The disclosure of capital assets, net in Note 3 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

Significant Unusual Transactions

For the purpose of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were identified as a result of our audit procedures that were brought to the attention of management:

Identified or Suspected Fraud

We have not identified or have not obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management.

Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

There were no uncorrected misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. There was no material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.

Disagreements with Management

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

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated October 12, 2023.

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

The report is intended solely for the information and use of the Executive Committee and management of the Commission and is not intended to be and should not be used by anyone other than these specified parties.

Conclusion

We appreciate the cooperation extended us by Myra Malner, Treasurer, and the rest of the Commission staff in the performance of our audit testwork. We will be pleased to respond to any question you have about the foregoing. We appreciate the opportunity to continue to be of service to the Commission.

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

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

Presentation Version

**MINUTES OF THE SEVEN HUNDRED AND NINETY SEVENTH MEETING OF THE
POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION**

**June 8, 2023
At the Offices of the Walnut Valley Water District
Board Room**

PRESENT:

Commissioner Scarlett Kwong
Commissioner Tony Lima
Alternate Commissioner Bellah
Alternate Commissioner Hilden

STAFF PRESENT:

Jared Macias, Alternate Administrative Officer
Myra Malner, Treasurer
Carmen Fleming, Secretary

ABSENT:

Commissioner Victor Preciado
Alternate Commissioner Nolte

The meeting was called to order at 4:00 p.m. with President Kwong presiding.

In attendance: Member agency representative Ms. Gabby Sanchez, of Rowland Water District; and Mr. Jared Macias, Mr. Josh Byerrum, and Mr. Erik Hitchman, of Walnut Valley Water District; and Ms. Jody Roberto, Director at Three Valleys Municipal Water District.

Item 3: Public Comment

- ◆ There was no public comment at this time.

Item 4: Late Business

- ◆ There was no late business to be brought before the Commission at this time.

Item 5: Approval of Minutes for Meeting Held February 9, 2023

- ◆ The Commission was asked to approve the meeting minutes for the previous Commission meeting held February 9, 2023.

Upon consideration thereof, it was moved by Commissioner Lima, seconded by Commissioner Kwong and carried (2-0), to approve the minutes of the February 9, 2023.

Commissioner Kwong indicated that the motion was approved by a 2-0 vote

Item 6: Approval of Warrants and Charges Paid February 2023 through May 2023

- ◆ The Commission was provided with a List of Warrants and Charges for February 2023 through May 2023.

Upon consideration thereof, it was moved by Commissioner Lima, seconded by Commissioner Kwong and carried (2-0), to receive and file the Warrants and Charges for February 2023 through May 2023.

Commissioner Kwong indicated that the motion was approved by a 2-0 vote

Item 7: Communications

- ◆ Mr. Macias did not have any Communication matters to report.

Item 8: Approval of Financial Reports

- ◆ Ms. Malner noted the Balance Sheet, the Statement of Income & Expenses, and the Cash & Investment Portfolio Summary as provided and requested they be received and filed.

Upon consideration thereof, it was moved by Commissioner Lima, seconded by Commissioner Kwong and unanimously carried (2-0), to approve, receive and file the Balance Sheet ending March 31, 2023, the Statement of Income & Expenses as of quarter ending March 31, 2023, and Cash & Investment Portfolio Summary as of quarter ending March 31, 2023.

Commissioner Kwong indicated that the motion was approved by a 2-0 vote

Item 9: Approval of Proposed Budget for Fiscal Year 2023-24

- ◆ Mr. Byerrum discussed the details of the proposed budget for Fiscal Year 2023-24, after which he requested approval of the proposed budget by the Commission.

Upon consideration thereof, it was moved by Commissioner Lima, seconded by Commissioner Kwong and unanimously carried (2-0), to approve the budget for Fiscal Year 2023-24 as presented.

Commissioner Kwong indicated that the motion was approved by a 2-0 vote

Item 10: Three Valleys Municipal Water District

- ◆ Staff reported on the Three Valley's Board meeting activities.

Item 11: Administrative Report

- ◆ Mr. Macias did not have any administrative matters to report at this time.

Item 12: Operations Report

- ◆ The Commission was provided with the Operations Report for the period of February through May 2023.

Item 13: Water Use Reports for January through April 2023

- ◆ The Commission was asked to receive and file the Water Usage Reports for January through April 2023, as presented.

Upon consideration thereof, it was moved by Commissioner Lima, seconded by Commissioner Kwong and unanimously carried (2-0), to receive and file the Water Use Reports for January through April 2023.

Commissioner Kwong indicated that the motion was approved by a 2-0 vote

Item 14: Commissioners Questions and Comments

- ◆ There were no Commissioner questions or comments at this time.

Item 15: Subjects for Discussion at Future Meetings

- ◆ There were no items requested for discussion at future meetings.

Item 16: Adjournment at 4:23 p.m.

There being no further business to discuss, by consensus the Commission meeting was adjourned. The next Commission meeting to be held October 12, 2023.

DRAFT

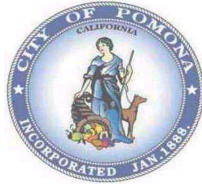
POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

271 South Brea Canyon Road
Walnut, California 91789-3002
(909) 595-1268 • FAX (909) 594-9532

MEMORANDUM

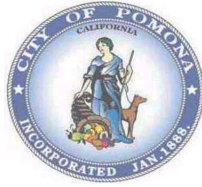
TO: Commissioners Kwong, Lima and Preciado **DATE:** October 12, 2023
FROM: Tom Monk, Administrative Officer
RE: 2024 Calendar/Meeting Schedule

Attached for your information is the 2024 P-W-R Meeting Calendar denoting three regularly scheduled meetings on February 8, June 6, and October 10. Meetings are held at 4:00p.m.



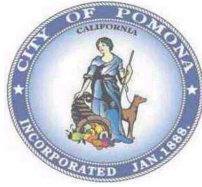
POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION
LIST OF WARRANTS & CHARGES
JUNE 2023

Check No.	Payee	Inv. Date	Description	Amount
11882	Caselle, Inc.	6/1/2023	Contract Support and Maint. for 7/1/23 to 7/31/23	\$ 126.00
Total				\$ 126.00
EFT	Three Valleys Municipal Water District	4/30/2023	PM-15A	\$ 385,791.90
		4/30/2023	PM-15B	\$ 362.70
		4/30/2023	PM-21	\$ 1,001,535.60
		4/30/2023	LRP Credit (City of Pomona)	\$ (5,760.00)
		4/30/2023	TVMWD Capacity	\$ 7,192.00
		4/30/2023	TVMWD Water Use	\$ 6,911.43
		4/30/2023	MWD Capacity	\$ 25,527.01
Total				\$ 1,421,560.64
Total Expenditures				\$ 1,421,686.64



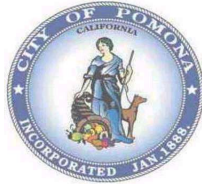
POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION
LIST OF WARRANTS & CHARGES
JULY 2023

Check No.	Payee	Inv. Date	Description	Amount
11883	CJ Brown & Company	6/30/2023	Progress Billing on 6/30/2023 Audit	\$ 2,009.00
Total				\$ 2,009.00
11884	Caselle, Inc.	4/1/2023	Contract Support and Maint. for 8/1/23 to 8/31/23	\$ 126.00
Total				\$ 126.00
11885	Rowland Water District	6/30/2023	Treasurer Fees	\$ 2,550.00
Total				\$ 2,550.00
EFT	Three Valleys Municipal Water District	5/31/2023	PM-15A	\$ 347,950.20
		5/31/2023	PM-21	\$ 936,007.80
		5/31/2023	TVMWD Capacity	\$ 7,192.00
		5/31/2023	TVMWD Water Use	\$ 6,911.43
		5/31/2023	MWD Capacity	\$ 25,527.01
Total				\$ 1,323,588.44
Total Expenditures				\$ 1,328,273.44



POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION
LIST OF WARRANTS & CHARGES
AUGUST 2023

Check No.	Payee	Inv. Date	Description	Amount
11886	ACWA JPIA	1/27/2023	Cyber Liability Coverage from 7/1/23 to 6/30/24	\$ 100.00
Total				\$ 100.00
11887	Caselle, Inc.	8/1/2023	Contract Support and Maint. for 9/1/23 to 9/30/23	\$ 126.00
Total				\$ 126.00
11888	Walnut Valley Water District	6/30/2023	Administrative, Ops, Secretary	\$ 13,500.00
		6/30/2023	USA Markups	\$ 3,915.00
		6/30/2023	Mileage	\$ 282.31
		6/30/2023	Water Quality Testing	\$ 810.00
		6/30/2023	Red Wave	\$ 1,280.00
		6/30/2023	Western Water	\$ 250.76
Total				\$ 20,038.07
EFT	Three Valleys Municipal Water District	6/30/2023	PM-15A	\$ 372,492.90
		6/30/2023	PM-21	\$ 992,709.90
		6/30/2023	LRP Credit (City of Pomona)	\$ (20,010.00)
		6/30/2023	TVMWD Capacity	\$ 7,192.00
		6/30/2023	TVMWD Water Use	\$ 6,911.43
		6/30/2023	MWD Capacity	\$ 25,527.01
Total				\$ 1,384,823.24
Total Expenditures				\$ 1,405,087.31



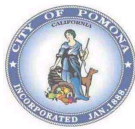
POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION
LIST OF WARRANTS & CHARGES
SEPTEMBER 2023

Check No.	Payee	Inv. Date	Description	Amount
11889	CJ Brown & Company	8/31/2023	<i>Progress Billing on 6/30/2023 Audit</i>	\$ 2,259.00
Total				\$ 2,259.00
11890	Caselle, Inc.	9/1/2023	<i>Contract Support and Maint. for 10/1/23 to 10/31/23</i>	\$ 126.00
Total				\$ 126.00
11891	Lagerlof, LLP	8/31/2023	<i>Legal Fees</i>	\$ 140.00
Total				\$ 140.00
EFT	Three Valleys Municipal Water District	7/31/2023	<i>PM-15A</i>	\$ 593,135.40
		7/31/2023	<i>PM-15B</i>	\$ 280,367.10
		7/31/2023	<i>PM-21</i>	\$ 1,146,252.90
		7/31/2023	<i>TVMWD Capacity</i>	\$ 7,192.00
		7/31/2023	<i>TVMWD Water Use</i>	\$ 6,911.43
		7/31/2023	<i>MWD Capacity</i>	\$ 25,527.01
Total				\$ 2,059,385.84
Total Expenditures				\$ 2,061,910.84



POMONA-WALNUT-ROWLAND JWLC
BALANCE SHEET
JUNE 2023

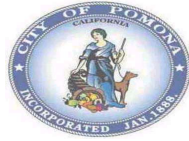
1	Assets		
2	Cash & Investments		
3	Citizens Business Bank	\$	245,192
4	LAIF		1,507,788
5	LAIF - Fair Market Value		(22,875)
6	Total Cash & Investments		1,730,104
7	Other Current Assets		
8	Accounts Receivable - Water Sales		2,744,442
9	Interest Receivable		11,838
10	Prepaid Expenses		1,540
11	Total Other Current Assets		2,757,821
12	Fixed Assets		
13	Pipeline		2,281,203
14	Service Connections		85,277
15	Telemetry System		104,000
16	Accumulated Depreciation		(1,051,109)
17	Total Fixed Assets		1,419,371
18	Total Assets	\$	5,907,297
19	Liabilities & Fund Balance		
20	Current Liabilities		
21	Accounts Payable	\$	2,733,009
22	Total Current Liabilities		2,733,009
23	Fund Balance		
24	Net Investment in Fixed Assets		1,325,246
25	Unappropriated Surplus		839,142
26	Retained Earnings		959,541
27	Net Income		50,358
28	Total Fund Balance		3,174,288
29	Total Liabilities & Fund Balance	\$	5,907,297



POMONA-WALNUT-ROWLAND JWLC
STATEMENT OF INCOME & EXPENSES
For The Period Ending June 30, 2023

	JUNE 2023 YTD	ANNUAL BUDGET	\$ DIFFERENCE	% OF BUDGET
1 Income				
2 Water Sales				
3 MWD PM-15	12,562,284	20,052,027	7,489,743	63%
4 TVMWD PM-21	4,470,375	-	(4,470,375)	0%
5 Total Water Sales	17,032,658	20,052,027	3,019,369	85%
6 Fixed Charges				
7 MWD CRC Charge	332,043	332,043	(0)	100%
8 TVMWD Connected Capacity	83,699	83,699	(0)	100%
9 TVMWD Water Use Charge	80,425	80,425	0	100%
10 Total Fixed Charges	496,167	496,167	0	100%
11 Depr. & Replacement				
12 Depreciation Charge	18,989	18,989	-	100%
13 Replacement Charge	24,334	24,334	-	100%
14 Total Depr. & Replacement	43,323	43,323	-	100%
15 Admin. Budget Assessment	100,800	100,800	-	100%
16 Interest Income	34,768	7,000	(27,768)	497%
17 Unrealized Loss on Investment	(3,794)	-	3,794	0%
18 Other Income	132	-	(132)	0%
19 Total Income	\$ 17,704,055	\$ 20,699,317	\$ 2,995,262	86%
20 Expenses				
21 Water Purchases				
22 MWD PM-15	12,562,284	20,052,027	7,489,743	63%
23 TVMWD PM-21	4,470,375	-	(4,470,375)	0%
24 Total Water Purchases	17,032,658	20,052,027	3,019,369	85%
25 Fixed Charges				
26 MWD Capacity Charge	332,043	332,043	(0)	100%
27 TVMWD Connected Capacity	83,699	83,699	(0)	100%
28 TVMWD Water Use Charge	80,425	80,425	0	100%
29 Total Fixed Charges	496,167	496,167	0	100%
30 Equipment & Line Maintenance	18,217	18,000	(217)	101%
31 Depreciation	28,180	-	(28,180)	0%
32 Contract Services				
33 WWWD	54,000	54,000	-	100%
34 RWD	10,200	10,200	-	100%
35 Total Contract Services	64,200	64,200	-	100%
36 Administrative				
37 Legal	245	5,000	4,755	5%
38 Insurance	2,296	2,200	(96)	104%
39 Audit & Bookkeeping	6,156	5,500	(656)	112%
40 Other Admin Costs / Supplies	3,672	2,900	(772)	127%
41 ACWA Dues	1,907	3,000	1,093	64%
42 Total Administrative	14,275	18,600	4,325	77%
43 Project Development	-	450,000	450,000	0%
44 Total Expenses	\$ 17,653,697	\$ 21,098,994	\$ 3,445,297	84%
45 Net Income	\$ 50,358	\$ (399,677)	\$ (450,035)	-13%

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



POMONA-WALNUT-ROWLAND JWLC
INVESTMENT REPORT
For The Period Ending May 31, 2023

Account Type	Issuer	Par Value	Market Value	Coupon Rate	Effective Yield	Accrued Interest Current Quarter*	Interest Deposited Fiscal YTD	Total Accrued & Deposited Interest Fiscal YTD	% of Portfolio
Investment Account	Local Agency Investment Fund	\$ 1,507,787	\$ 1,487,448	2.99%	2.99%	\$ -	\$ 25,705	\$ 25,705	79.96%
Checking	Citizens Business Bank	\$ 372,854	\$ 372,854	0.00%	0.00%	N/A	N/A	N/A	20.04%
Total Cash & Investments		\$ 1,880,641	\$ 1,860,302	2.40%	2.40%	\$ -	\$ 25,705	\$ 25,705	100.00%

Weighted Average %

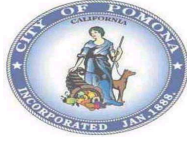
All investments listed in this report comply with the Commission's Statement of Investment Policy. The Commission's cash balances and investment portfolio provides sufficient cash flow and liquidity to meet all normal obligations, excluding the purchase of water, for at least a six month period of time. All investment interest values shown above are based on annual rates of return.



POMONA-WALNUT-ROWLAND JWLC
INVESTMENT REPORT
For The Period Ending June 30, 2023

Account Type	Issuer	Par Value	Market Value	Coupon Rate	Effective Yield	Accrued Interest Current Quarter*	Interest Deposited Fiscal YTD	Total Accrued & Deposited Interest Fiscal YTD	% of Portfolio
Investment Account	Local Agency Investment Fund	\$ 1,507,787	\$ 1,484,912	3.17%	3.17%	\$ 12,603	\$ 25,705	\$ 38,307	85.83%
Checking	Citizens Business Bank	\$ 245,192	\$ 245,192	0.00%	0.00%	N/A	N/A	N/A	14.17%
Total Cash & Investments		\$ 1,752,980	\$ 1,730,104	2.72%	2.72%	\$ 12,603	\$ 25,705	\$ 38,307	100.00%
				<i>Weighted Average %</i>					

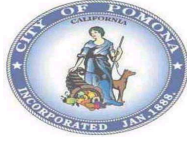
All investments listed in this report comply with the Commission's Statement of Investment Policy. The Commission's cash balances and investment portfolio provides sufficient cash flow and liquidity to meet all normal obligations, excluding the purchase of water, for at least a six month period of time. All investment interest values shown above are based on annual rates of return.



POMONA-WALNUT-ROWLAND JWLC
INVESTMENT REPORT
For The Period Ending July 31, 2023

Account Type	Issuer	Par Value	Market Value	Coupon Rate	Effective Yield	Accrued Interest Current Quarter*	Interest Deposited Fiscal YTD	Total Accrued & Deposited Interest Fiscal YTD	% of Portfolio
Investment Account	Local Agency Investment Fund	\$ 1,519,626	\$ 1,496,571	3.31%	3.31%	\$ -	\$ 11,838	\$ 11,838	75.71%
Checking	Citizens Business Bank	\$ 480,162	\$ 480,162	0.00%	0.00%	N/A	N/A	N/A	24.29%
Total Cash & Investments		\$ 1,999,787	\$ 1,976,732	2.51%	2.51%	\$ -	\$ 11,838	\$ 11,838	100.00%
					<i>Weighted Average %</i>				

All investments listed in this report comply with the Commission's Statement of Investment Policy. The Commission's cash balances and investment portfolio provides sufficient cash flow and liquidity to meet all normal obligations, excluding the purchase of water, for at least a six month period of time. All investment interest values shown above are based on annual rates of return.



POMONA-WALNUT-ROWLAND JWLC
INVESTMENT REPORT
For The Period Ending August 31, 2023

Account Type	Issuer	Par Value	Market Value	Coupon Rate	Effective Yield	Accrued Interest Current Quarter*	Interest Deposited Fiscal YTD	Total Accrued & Deposited Interest Fiscal YTD	% of Portfolio
Investment Account	Local Agency Investment Fund	\$ 1,519,626	\$ 1,496,571	3.43%	3.43%	\$ -	\$ 11,838	\$ 11,838	85.38%
Checking	Citizens Business Bank	\$ 256,274	\$ 256,274	0.00%	0.00%	N/A	N/A	N/A	14.62%
Total Cash & Investments		\$ 1,775,900	\$ 1,752,845	2.94%	2.94%	\$ -	\$ 11,838	\$ 11,838	100.00%
				<i>Weighted Average %</i>					

All investments listed in this report comply with the Commission's Statement of Investment Policy. The Commission's cash balances and investment portfolio provides sufficient cash flow and liquidity to meet all normal obligations, excluding the purchase of water, for at least a six month period of time. All investment interest values shown above are based on annual rates of return.

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

271 South Brea Canyon Road
Walnut, California 91789-3002
(909) 595-1268 • FAX (909) 594-9532

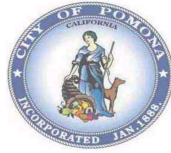
MEMORANDUM

TO: Commissioners Kwong, Lima, and Preciado **DATE:** October 12, 2023
FROM: Tom Monk, Administrative Officer
RE: Operations Report

Joint Water Line Operations Report for June 2023 – September 2023

Inspection Report: During the four-month period ending on September 30, 2023, all paved portions of the JWL were driven weekly and visually checked for leaks, vandalism, and other potential problems. Additionally, the cross-country sections of the line were walked and nothing unusual was found. Routine maintenance was performed as needed.

Meter Testing: On July 6, 2023, staff tested and calibrated the JWL meters. All meters tested within the established parameters.



POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

WATER USE DISTRIBUTION & BILLING

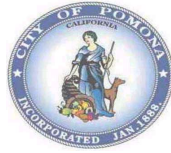
MAY 2023

CONSUMPTION PER AGENCY (Per PWR Meter Reads)		
	Water Consumption (Acre-feet)	Allocation %
Pomona	132.782	12.789%
Walnut	636.679	61.320%
Rowland	268.831	25.892%
LaVerne	-	0.000%
TOTAL	1,038.292	100.000%

WATER PRODUCTION (ACTUAL)		
	Water Consumption (Acre-feet)	Allocation %
MWD	287.80	27.100%
TVMWD	774.20	72.900%
LaVerne	-	0.000%
Total	1,062.000	100.000%
PWR	1,038.292	
Difference	23.708	

CALCULATION OF AGENCY WATER CONSUMPTION (Water consumption billed to each agency based on amount of water purchased from MWD & TVMWD)							
Connection / Description	Billing Difference Allocation (Acre-feet)	Adj. Agency Consumption (Acre-Feet)	Adj. Agency Consumption for Billing (Rounded)	Water Purchased - MWD	Water Purchased - TVMWD	Water Purchased - LaVERNE WELL	Total Water Purchased (Acre-feet)
				27.100%	72.900%	0.000%	100.000%
Pomona	132.782	3.032	135.814	135.8	36.8	99.0	135.8
Walnut	636.679	14.538	651.217	651.2	176.5	474.7	651.2
Rowland	268.831	6.138	274.969	275.0	74.5	200.5	275.0
LaVerne	-	-	-	-	-	-	-
TOTAL	1,038.292	23.708	1,062.000	1,062.0	287.8	774.2	1,062.0

BILLING CHARGES PER AGENCY											
		MWD PM-15	TVMWD PM-21	MWD Capacity Reservation	TVMWD Connected Capacity	TVMWD Water Use Charge	Depreciation	Replacement	Admin Budget Assessment	MWD LRP Rebate Program	Billing Total
City of Pomona	Cons. (AF)	36.8	99.0								
	Allocation %			30.43%	52.00%	21.91%	25.00%	25.00%	33.33%		
	Billing Rate	\$ 1,209.00	\$ 1,209.00	\$ 25,527.01	\$ 7,192.00	\$ 6,911.43	\$ -	\$ -	\$ -	\$ (100.00)	
	Total	\$ 44,497.62	\$ 119,701.38	\$ 7,767.87	\$ 3,739.84	\$ 1,514.29	\$ -	\$ -	\$ -	\$ -	\$ 177,221.00
Walnut Valley Water District	Cons. (AF)	176.5	474.7								
	Allocation %			43.48%	28.00%	49.48%	25.00%	25.00%	33.33%		
	Billing Rate	\$ 1,209.00	\$ 1,209.00	\$ 25,527.01	\$ 7,192.00	\$ 6,911.43	\$ -	\$ -	\$ -	\$ (100.00)	
	Total	\$ 213,362.51	\$ 573,958.49	\$ 11,099.14	\$ 2,013.76	\$ 3,419.78	\$ -	\$ -	\$ -	\$ -	\$ 803,853.68
Rowland Water District	Cons. (AF)	74.5	200.5								
	Allocation %			26.09%	20.00%	28.61%	25.00%	25.00%	33.33%		
	Billing Rate	\$ 1,209.00	\$ 1,209.00	\$ 25,527.01	\$ 7,192.00	\$ 6,911.43	\$ -	\$ -	\$ -	\$ (100.00)	
	Total	\$ 90,090.07	\$ 242,347.93	\$ 6,660.00	\$ 1,438.40	\$ 1,977.36	\$ -	\$ -	\$ -	\$ -	\$ 342,513.76
City of LaVerne	Cons. (AF)	-	-								
	Allocation %			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
	Billing Rate	\$ 1,209.00	\$ 1,209.00	\$ 25,527.01	\$ 7,192.00	\$ 6,911.43	\$ -	\$ -	\$ -	\$ (100.00)	
	Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total (A.F.)		287.8	774.2								1,062.0
Total (\$)		\$ 347,950.20	\$ 936,007.80	\$ 25,527.01	\$ 7,192.00	\$ 6,911.43	\$ -	\$ -	\$ -	\$ -	\$ 1,323,588.44



POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

WATER USE DISTRIBUTION & BILLING

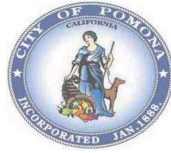
JUNE 2023

CONSUMPTION PER AGENCY (Per PWR Meter Reads)		
	Water Consumption (Acre-feet)	Allocation %
Pomona	190.542	17.263%
Walnut	600.323	54.388%
Rowland	312.920	28.350%
LaVerne	-	0.000%
TOTAL	1,103.785	100.000%

WATER PRODUCTION (ACTUAL)		
	Water Consumption (Acre-feet)	Allocation %
MWD	308.10	27.285%
TVMWD	821.10	72.715%
LaVerne	-	0.000%
Total	1,129.200	100.000%
PWR	1,103.785	
Difference	25.415	

CALCULATION OF AGENCY WATER CONSUMPTION (Water consumption billed to each agency based on amount of water purchased from MWD & TVMWD)							
Connection / Description	Billing Difference Allocation (Acre-feet)	Adj. Agency Consumption (Acre-Feet)	Adj. Agency Consumption for Billing (Rounded)	Water Purchased - MWD	Water Purchased - TVMWD	Water Purchased - LaVERNE WELL	Total Water Purchased (Acre-feet)
				27.285%	72.715%	0.000%	100.000%
Pomona	190.542	4.387	194.929	194.9	53.2	141.7	194.9
Walnut	600.323	13.823	614.146	614.1	167.6	446.6	614.1
Rowland	312.920	7.205	320.125	320.1	87.3	232.8	320.1
LaVerne	-	-	-	-	-	-	-
TOTAL	1,103.785	25.415	1,129.200	1,129.2	308.1	821.1	1,129.2

BILLING CHARGES PER AGENCY											
		MWD PM-15	TVMWD PM-21	MWD Capacity Reservation	TVMWD Connected Capacity	TVMWD Water Use Charge	Depreciation	Replacement	Admin Budget Assessment	MWD LRP Rebate Program	Billing Total
City of Pomona	Cons. (AF)	53.2	141.7							200.1	
	Allocation %			30.43%	52.00%	21.91%	25.00%	25.00%	33.33%		
	Billing Rate	\$ 1,209.00	\$ 1,209.00	\$ 25,527.01	\$ 7,192.00	\$ 6,911.43	\$ 5,699.00	\$ 4,592.00	\$ 25,200.00	\$ (100.00)	
	Total	\$ 64,301.96	\$ 171,367.55	\$ 7,767.87	\$ 3,739.84	\$ 1,514.29	\$ 1,424.75	\$ 1,148.00	\$ 8,400.00	\$ (20,010.00)	\$ 239,654.26
Walnut Valley Water District	Cons. (AF)	167.6	446.6							-	
	Allocation %			43.48%	28.00%	49.48%	25.00%	25.00%	33.33%		
	Billing Rate	\$ 1,209.00	\$ 1,209.00	\$ 25,527.01	\$ 7,192.00	\$ 6,911.43	\$ 7,734.00	\$ 12,102.00	\$ 25,200.00	\$ (100.00)	
	Total	\$ 202,590.23	\$ 539,911.84	\$ 11,099.14	\$ 2,013.76	\$ 3,419.78	\$ 1,933.50	\$ 3,025.50	\$ 8,400.00	\$ -	\$ 772,393.75
Rowland Water District	Cons. (AF)	87.3	232.8							-	
	Allocation %			26.09%	20.00%	28.61%	25.00%	25.00%	33.33%		
	Billing Rate	\$ 1,209.00	\$ 1,209.00	\$ 25,527.01	\$ 7,192.00	\$ 6,911.43	\$ 5,556.00	\$ 7,640.00	\$ 25,200.00	\$ (100.00)	
	Total	\$ 105,600.71	\$ 281,430.51	\$ 6,660.00	\$ 1,438.40	\$ 1,977.36	\$ 1,389.00	\$ 1,910.00	\$ 8,400.00	\$ -	\$ 408,805.98
City of LaVerne	Cons. (AF)	-	-							-	
	Allocation %			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
	Billing Rate	\$ 1,209.00	\$ 1,209.00	\$ 25,527.01	\$ 7,192.00	\$ 6,911.43	\$ -	\$ -	\$ -	\$ (100.00)	
	Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total (A.F.)		308.1	821.1								1,129.2
Total (\$)		\$ 372,492.90	\$ 992,709.90	\$ 25,527.01	\$ 7,192.00	\$ 6,911.43	\$ 4,747.25	\$ 6,083.50	\$ 25,200.00	\$ (20,010.00)	\$ 1,420,853.99



POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

WATER USE DISTRIBUTION & BILLING

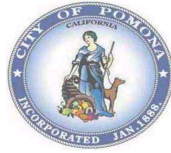
JULY 2023

CONSUMPTION PER AGENCY (Per PWR Meter Reads)		
	Water Consumption (Acre-feet)	Allocation %
Pomona	491.575	29.716%
Walnut	710.644	42.960%
Rowland	451.997	27.324%
LaVerne	-	0.000%
TOTAL	1,654.216	100.000%

WATER PRODUCTION (ACTUAL)		
	Water Consumption (Acre-feet)	Allocation %
MWD	722.50	43.248%
TVMWD	948.10	56.752%
LaVerne	-	0.000%
Total	1,670.600	100.000%
PWR	1,654.216	
Difference	16.384	

CALCULATION OF AGENCY WATER CONSUMPTION (Water consumption billed to each agency based on amount of water purchased from MWD & TVMWD)							
Connection / Description	Billing Difference Allocation (Acre-feet)	Adj. Agency Consumption (Acre-Feet)	Adj. Agency Consumption for Billing (Rounded)	Water Purchased - MWD	Water Purchased - TVMWD	Water Purchased - LaVERNE WELL	Total Water Purchased (Acre-feet)
				43.248%	56.752%	0.000%	100.000%
Pomona	491.575	4.869	496.444	496.4	214.7	281.7	496.4
Walnut	710.644	7.038	717.682	717.7	310.4	407.3	717.7
Rowland	451.997	4.477	456.474	456.5	197.4	259.1	456.5
LaVerne	-	-	-	-	-	-	-
TOTAL	1,654.216	16.384	1,670.600	1,670.6	722.5	948.1	1,670.6

BILLING CHARGES PER AGENCY											
		MWD PM-15	TVMWD PM-21	MWD Capacity Reservation	TVMWD Connected Capacity	TVMWD Water Use Charge	Depreciation	Replacement	Admin Budget Assessment	MWD LRP Rebate Program	Billing Total
City of Pomona	Cons. (AF)	214.7	281.7								
	Allocation %			30.43%	52.00%	21.91%	25.00%	25.00%	33.33%		
	Billing Rate	\$ 1,209.00	\$ 1,209.00	\$ 25,527.01	\$ 7,192.00	\$ 6,911.43	\$ -	\$ -	\$ -	\$ (100.00)	
	Total	\$ 259,574.32	\$ 340,626.18	\$ 7,767.87	\$ 3,739.84	\$ 1,514.29	\$ -	\$ -	\$ -	\$ -	\$ -
Walnut Valley Water District	Cons. (AF)	310.4	407.3								
	Allocation %			43.48%	28.00%	49.48%	25.00%	25.00%	33.33%		
	Billing Rate	\$ 1,209.00	\$ 1,209.00	\$ 25,527.01	\$ 7,192.00	\$ 6,911.43	\$ -	\$ -	\$ -	\$ (100.00)	
	Total	\$ 375,252.88	\$ 492,425.26	\$ 11,099.14	\$ 2,013.76	\$ 3,419.78	\$ -	\$ -	\$ -	\$ -	\$ -
Rowland Water District	Cons. (AF)	197.4	259.1								
	Allocation %			26.09%	20.00%	28.61%	25.00%	25.00%	33.33%		
	Billing Rate	\$ 1,209.00	\$ 1,209.00	\$ 25,527.01	\$ 7,192.00	\$ 6,911.43	\$ -	\$ -	\$ -	\$ (100.00)	
	Total	\$ 238,675.31	\$ 313,201.45	\$ 6,660.00	\$ 1,438.40	\$ 1,977.36	\$ -	\$ -	\$ -	\$ -	\$ -
City of LaVerne	Cons. (AF)	-	-								
	Allocation %			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
	Billing Rate	\$ 1,209.00	\$ 1,209.00	\$ 25,527.01	\$ 7,192.00	\$ 6,911.43	\$ -	\$ -	\$ -	\$ (100.00)	
	Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total (A.F.)		722.5	948.1								1,670.6
Total (\$)		\$ 873,502.51	\$ 1,146,252.89	\$ 25,527.01	\$ 7,192.00	\$ 6,911.43	\$ -	\$ -	\$ -	\$ -	\$ 2,059,385.84



POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

WATER USE DISTRIBUTION & BILLING

AUGUST 2023

CONSUMPTION PER AGENCY (Per PWR Meter Reads)		
	Water Consumption (Acre-feet)	Allocation %
Pomona	447.428	25.277%
Walnut	731.989	41.353%
Rowland	590.673	33.370%
LaVerne	-	0.000%
TOTAL	1,770.090	100.000%

WATER PRODUCTION (ACTUAL)		
	Water Consumption (Acre-feet)	Allocation %
MWD	1,152.60	64.373%
TVMWD	637.90	35.627%
LaVerne	-	0.000%
Total	1,790.500	100.000%
PWR	1,770.090	
Difference	20.410	

CALCULATION OF AGENCY WATER CONSUMPTION (Water consumption billed to each agency based on amount of water purchased from MWD & TVMWD)							
Connection / Description	Billing Difference Allocation (Acre-feet)	Adj. Agency Consumption (Acre-Feet)	Adj. Agency Consumption for Billing (Rounded)	Water Purchased - MWD	Water Purchased - TVMWD	Water Purchased - LaVERNE WELL	Total Water Purchased (Acre-feet)
				64.373%	35.627%	0.000%	100.000%
Pomona	447.428	5.159	452.587	452.6	291.3	161.2	452.6
Walnut	731.989	8.440	740.429	740.4	476.6	263.8	740.4
Rowland	590.673	6.811	597.484	597.5	384.6	212.9	597.5
LaVerne	-	-	-	-	-	-	-
TOTAL	1,770.090	20.410	1,790.500	1,790.5	1,152.6	637.9	1,790.5

BILLING CHARGES PER AGENCY											
		MWD PM-15	TVMWD PM-21	MWD Capacity Reservation	TVMWD Connected Capacity	TVMWD Water Use Charge	Depreciation	Replacement	Admin Budget Assessment	MWD LRP Rebate Program	Billing Total
City of Pomona	Cons. (AF)	291.3	161.2							209.3	
	Allocation %			30.43%	52.00%	21.91%	25.00%	25.00%	33.33%		
	Billing Rate	\$ 1,209.00	\$ 1,209.00	\$ 25,527.01	\$ 7,192.00	\$ 6,911.43	\$ -	\$ -	\$ -	\$ (100.00)	
	Total	\$ 352,235.18	\$ 194,942.58	\$ 7,767.87	\$ 3,739.84	\$ 1,514.29	\$ -	\$ -	\$ -	\$ (20,930.00)	\$ 539,269.76
Walnut Valley Water District	Cons. (AF)	476.6	263.8							-	
	Allocation %			43.48%	28.00%	49.48%	25.00%	25.00%	33.33%		
	Billing Rate	\$ 1,209.00	\$ 1,209.00	\$ 25,527.01	\$ 7,192.00	\$ 6,911.43	\$ -	\$ -	\$ -	\$ (100.00)	
	Total	\$ 576,254.22	\$ 318,924.67	\$ 11,099.14	\$ 2,013.76	\$ 3,419.78	\$ -	\$ -	\$ -	\$ -	\$ 911,711.57
Rowland Water District	Cons. (AF)	384.6	212.9							-	
	Allocation %			26.09%	20.00%	28.61%	25.00%	25.00%	33.33%		
	Billing Rate	\$ 1,209.00	\$ 1,209.00	\$ 25,527.01	\$ 7,192.00	\$ 6,911.43	\$ -	\$ -	\$ -	\$ (100.00)	
	Total	\$ 465,004.00	\$ 257,353.85	\$ 6,660.00	\$ 1,438.40	\$ 1,977.36	\$ -	\$ -	\$ -	\$ -	\$ 732,433.61
City of LaVerne	Cons. (AF)	-	-							-	
	Allocation %			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
	Billing Rate	\$ 1,209.00	\$ 1,209.00	\$ 25,527.01	\$ 7,192.00	\$ 6,911.43	\$ -	\$ -	\$ -	\$ (100.00)	
	Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total (A.F.)		1,152.6	637.9								1,790.5
Total (\$)		\$ 1,393,493.40	\$ 771,221.10	\$ 25,527.01	\$ 7,192.00	\$ 6,911.43	\$ -	\$ -	\$ -	\$ (20,930.00)	\$ 2,183,414.94