

WALNUT VALLEY WATER DISTRICT

271 South Brea Canyon Road • Walnut, CA 91789-3002
(909) 595-7554 • Fax: (909) 444-5521
walnutvalleywater.gov



REGULAR BOARD MEETING TUESDAY, JANUARY 16, 2024 5:00 P.M.

Agenda materials are available for public review at <https://walnutvalleywater.gov/about-us/meetings-minutes-and-agendas/>.

Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review during regular business hours at the District office, located at: 271 S. Brea Canyon Road, Walnut, CA.

1. Flag Salute
2. Roll Call: Mr. Hilden____ Ms. Kwong____ Ms. Lee____ Mr. Tang____ Mr. Woo____
3. Public Comment President Lee

The Presiding Officer of the Board of Directors may impose reasonable limitations on public comments to assure an orderly and timely meeting.

A. **Agenda Items** - Any person desiring to address the Board of Directors on any Agenda item may do so at the time the item is considered on the Agenda by requesting the privilege of doing so at this time and stating the Agenda item to be addressed. At the time the item is discussed, those requesting to speak will be called to do so.

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

4. Agenda Changes/Addition President Lee

In accordance with Section 54954.2 of the Government Code, additions to the agenda require a two-thirds vote of the legislative body, or if less than two-thirds of the members are present, a unanimous vote of those members present. It shall be determined that there is a need to take immediate action and that the need for action came to the attention of the local agency after the posting of the agenda.

- A. Discussion B. Action Taken

5. Reorder of Agenda President Lee
 - A. Discussion B. Action Taken

6. **Special Recognition**
 - A. Introduction of Ms. Jazmin Noble, Customer Service Representative I, on the Occasion of Completing the Probationary Period for New Employees

7. Consider Approval of Consent Calendar (Items A-D)

Consent Calendar Notice:

The items listed under the Consent Calendar are considered routine business and will be voted on together by one motion unless a Board Member, staff member, or member of the public requests separate action.

- A. [Minutes of the Regular Board Meeting held December 11, 2023](#)
- B. [Check Register](#)
- C. [Employee Expense Reimbursement Report](#)
- D. [Community Outreach Update \(Information Only\)](#)
 (1) Discussion (2) Action Taken

8. [Consider Approval of Director Expense Reports](#)

Provided are Expense Reports disclosing per diem requests for Director meeting attendance and an itemization of expenses incurred by the District on behalf of each Director.

- (1) Discussion (2) Action Taken

9. Treasurer’s Report

Mr. Byerrum

- A. [Financial Dashboard as of November 30, 2023](#)
- B. [District Statement of Revenues, Expenses, and Change in Net Positions as of November 30, 2023](#)
- C. [District Statement of Net Positions as of November 30, 2023](#)
- D. [Summary of Cash and Investments as of November 30, 2023](#)
 (1) Discussion (2) Action Taken

COMMITTEE REPORTS

Standing Committee Reports (The Chair of each committee that has met will report to the full Board)

- 10. Public Information/Community Relations/Legislative Action Committee Director Kwong
 - There are no items to come to the Board at this time.

11. Finance Committee President Lee

- A. [Approval of the FY 2022-23 Source and Application of Funds](#)
 (1) Discussion (2) Action Taken
- B. [Budget Meeting Schedule \(Information Only\)](#)
- C. [P-W-R Joint Water Line, Puente Basin Water Agency, and Spadra Basin Groundwater Sustainability Agency Audits for Fiscal Year Ending June 30, 2023](#)
 (1) Discussion (2) Action Taken
- D. [Receive, Approve, and File the Investment Transactions Report for the Month Ending December 31, 2023](#)
 (1) Discussion (2) Action Taken
- E. [Review of Revenue Bonds Held in Trust – East West Bank \(Information Only\)](#)

12. Engineering and Special Projects President Lee
- A. [Replacement of SCADA Surveillance Network Video Recording \(NVR\)](#)
- (1) Discussion (2) Action Taken
- B. [Replacement of Badger Endpoints by Concord](#)
- (1) Discussion (2) Action Taken
- C. [Authorize the General Manager to Execute the Groundwater Pumping and Supply Agreement](#)
- (1) Discussion (2) Action Taken
- D. [Authorize the General Manager to Execute an Agreement with Eagle Aerial Solutions for Land Use Mapping, Premise Delineation, and WaterView CII Module](#)
- (1) Discussion (2) Action Taken
- E. [Operations Report](#) (Information Only)
13. Personnel Committee Director Hilden
- A. [Sick Leave Policy Amendment](#)
- (1) Discussion (2) Action Taken
- B. [Proposed Reproductive Loss Leave Policy](#)
- (1) Discussion (2) Action Taken
- C. [Finance Department Reorganization](#)
- (1) Discussion (2) Action Taken

OTHER ITEMS

14. TVMWD/MWD Director Hilden
15. P-W-R Joint Water Line Commission Mr. Monk
- A. [P-W-R JWL Report for Water Purchases for November 2023](#)
- B. Other Items
16. Puente Basin Water Agency Director Lee
17. Spadra Basin Groundwater Sustainability Agency Director Tang
18. General Manager's Report Mr. Hitchman
- A. [District Activities Calendars for February, March, and April 2024](#)
- B. Other Items
19. Water Supply and Conservation Mr. Hitchman
- A. [District Water Supply and Conservation Update](#)
- B. [Statewide Water Supply Conditions](#)
20. Directors' Oral Reports All Directors
21. Legal Reports Mr. Ciampa

22. Board members and staff will be given an opportunity to request and suggest subjects for discussion at a future meeting
23. Board of Directors Business President Lee
- A. [Consideration of Annual Committee Selections for Calendar Year 2024](#)
(1) Discussion (2) Action Taken
 - B. [Consideration of Annual Board Commission and Agency Assignment Selections for Calendar Year 2024](#)
(1) Discussion (2) Action Taken
 - C. [Adoption of Resolution No. 01-24-727 Appointing Representatives to the Pomona-Walnut-Rowland Joint Water Line Commission](#)
(1) Discussion (2) Action Taken
 - D. [Adoption of Resolution No. 01-24-728 Appointing Representatives to the Puente Basin Water Agency](#)
(1) Discussion (2) Action Taken
 - E. [Adoption of Resolution No. 01-24-729 Appointing Representatives to the Spadra Basin Groundwater Sustainability Agency Executive Committee](#)
(1) Discussion (2) Action Taken
 - F. [Consideration of Nomination of Candidates for Special District Voting Member](#)
(1) Discussion (2) Action Taken

Adjournment

Pursuant to the Americans with Disabilities Act, persons with a disability who require a disability-related modification or accommodation to participate in a meeting may request such modification or accommodation from the District's General Manager's Office at (909) 595-1268 Ext. 201. Notification forty-eight (48) hours prior to the meeting will enable District staff to make reasonable arrangements to assure accessibility to the meeting.

I, Lucie Cazares, CMC, Walnut Valley Water District, do hereby certify, under penalty of perjury under the laws of the State of California that a full and correct copy of this agenda was posted pursuant to Government Code Section 54950 et. seq., at 271 S. Brea Canyon Road, Walnut, CA., and uploaded to the Walnut Valley Water District website <https://walnutvalleywater.gov/about-us/meetings-minutes-and-agendas/>

Date Posted: January 12, 2024

Lucie Cazares, CMC, Executive Secretary



WALNUT VALLEY WATER DISTRICT

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BOARD OF DIRECTORS

Theresa Lee
President
Election Division III

Scarlett P. Kwong
First Vice President
Election Division V

Jerry Tang
Second Vice President
Election Division I

Henry Woo
Assistant Treasurer
Election Division IV

Edwin M. Hilden
Director
Election Division II

STAFF

Erik Hitchman, P.E.
General Manager
Chief Engineer
Secretary

Jared Macias
Assistant General Manager

Sheryl L. Shaw, P.E.
Director of Engineering

Lily Lopez
Director of External Affairs &
Sustainability

Joshua Byerrum
Director of Finance
Treasurer

Alanna Diaz
Director of Administrative
Services

Thomas M. Monk
Director of Operations

Lucie Cazares, MPA
Executive Secretary

LEGAL COUNSEL

James D. Ciampa

JAZMIN NOBLE

CUSTOMER SERVICE REP I

Jazmin joined the District on June 05, 2023, assuming the position of Customer Service Representative I. Before joining the District, she worked at AccuGraphix as a production worker.

Jazmin graduated from Parkview High School. She wants to promote to Customer Service Representative II, as well as earn water certifications.

When not at work, Jazmin enjoys traveling, scrapbooking, crafting, reading, and ministry volunteer work.

MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF WALNUT VALLEY WATER DISTRICT

December 11, 2023
At the Office of the District
271 South Brea Canyon Road, Walnut, CA 91789

DIRECTORS PRESENT:

Edwin Hilden
Scarlett Kwong
Jerry Tang
Henry Woo

DIRECTORS ABSENT:

Theresa Lee

STAFF PRESENT:

Erik Hitchman, General Manager/Chief Engineer
Josh Byerrum, Director of Finance
Lily Lopez, Director of External Affairs & Sustainability
Thomas Monk, Director of Operations
Bertha Perez, Senior Engineer
Lucie Cazares, Executive Secretary
Alexandra Cortez, Administrative Assistant
Andy Turner, Legal Counsel

The meeting was called to order at 5:00 p.m. with President Hilden presiding.

Guests and others in attendance: Three Valleys Municipal Water District (TVMWD) Director Mike Ti, David de Jesus, Jody Roberto, and TVMWD Chief Operating Officer Steve Lang. Also, in attendance virtually were Mr. Christopher J. Brown of C.J. Brown & Company CPAs, Mr. Jayson Schmitt, and Mr. Christopher McCurry of Chandler Asset Management.

Item 3: Public Comment

- ◆ There were no requests. (Item 3)

Item 4: Additions to the Agenda

- ◆ There were no requests for additions to the agenda. (Item 4)

Item 5: Reorder of the Agenda

- ◆ There were no requests for reorder of the agenda. (Item 5)

Item 6: Review of District Investment Activities by Mr. Jayson Schmitt, Representative of Chandler Asset Management

- ◆ Mr. Jayson Schmitt and Mr. Christopher McCurry of Chandler Asset Management reviewed current economic conditions and provided an update on the firm's investment activities on behalf of the District. The Board was asked to receive and file the report on District Investment activities. (Item 6)

Motion No. 23-12-1985: Upon consideration thereof, it was moved by Director Kwong, seconded by Director Tang, and carried 4-0 (with Director Lee absent) to receive and file the report on District Investment activities. (Item 6)

President Hilden indicated Motion No. 23-12-1985 was approved by a 4-0 (with Director Lee absent) vote

Item 7: Consider Approval of Consent Calendar

- ◆ The Board was asked to approve the Consent Calendar, consisting of the minutes of the Regular Board meeting held November 13, 2023, the Special Board Meeting held November 16, 2023, the Special Board Meeting held December 4, 2023, the Check Register, the Employee Expense Reimbursement Report, and the Community Outreach Report. (Item 7 – A, B, C, D, E, F)

Motion No. 23-12-1986: Upon consideration thereof, it was moved by Director Kwong, seconded by Director Tang, and carried 4-0 (with Director Lee absent) to approve the Consent Calendar, consisting of the minutes of the Regular Board meeting held November 13, 2023, the Special Board Meeting held November 16, 2023, the Special Board Meeting held December 4, 2023, the Check Register, the Employee Expense Reimbursement Report, and the Community Outreach Report. (Item 7 – A, B, C, D, E, F)

President Hilden indicated Motion No. 23-12-1986 was approved by a 4-0 (with Director Lee absent) vote

Item 8: Director Expense Reports

- ◆ The Board was asked to receive, approve, and file the Board member expense reports indicating per diem requests for meeting attendance and individual reports of additional expenses incurred by the District on behalf of each Director for events occurring during November 2023. (Item 8)

Motion No. 23-12-1987: Upon consideration thereof, it was moved by Director Tang, seconded by Director Kwong, and carried 4-0 (with Director Lee absent) to receive, approve, and file the Board member expense reports for meeting attendance and additional expenses incurred by the District on behalf of each Director for events occurring during November 2023. (Item 8)

President Hilden indicated Motion No. 23-12-1987 by a 4-0 (with Director Lee absent) vote

Item 9: Treasurer’s Reports

- ◆ Mr. Byerrum presented the Financial Dashboard as of October 31, 2023, the District Statement of Revenue, Expenses, and Change in Net Position as of October 31, 2023, the District Statement of Net Position as of October 31, 2023, and the Summary of Cash and Investments as of October 31, 2023. (Items 9 - A, B, C, D)

Motion No. 23-12-1988: Upon consideration thereof, it was moved by Director Tang, seconded by Director Kwong, and carried 4-0 (with Director Lee absent), to receive, approve, and file the Financial Dashboard as of October 31, 2023, the District Statement of Revenue, Expenses, and Change in Net Position as of October 31, 2023, the District Statement of Net Position as of October 31, 2023, and the Summary of Cash and Investments as of October 31, 2023. (Items 9 - A, B, C, D)

President Hilden indicated Motion No. 23-12-1988 was approved by a 4-0 (with Director Lee absent) vote

Committee Chair Reports

Item 10: Public Information/Community Relations/Legislative Action Committee – Director Kwong

- ◆ There were no Public Information/Community Relations/Legislative Action Committee matters to come before the Board at this time. (Item 10)

Item 11: Finance Committee – Director Tang

- ◆ The Board was asked to receive, approve, and file the Annual Comprehensive Financial Report for Fiscal Year Ending June 30, 2023. In Preparation for and during the audit, District staff prepared materials and worked directly with the auditing team, C.J. Brown & Company CPAs. Mr. Chris Brown of the auditing team noted that C.J. Brown & Company CPAs found the District’s financial reporting to comply with Generally Accepted Accounting Principles (GAAP), and as such, issued an Unqualified Opinion, the highest-level opinion an entity can receive. Additionally, the Report on Internal Controls noted that the District had no significant deficiencies or material weaknesses in internal controls. Further, the auditor noted no transactions that were both significant and unusual, and no misstatements were identified during the audit. (Item 11-A)

Motion No. 23-12-1989: Upon consideration thereof, it was moved by Director Tang, seconded by Director Woo, and carried 4-0 (with Director Lee absent), to receive, approve, and file the Annual Comprehensive Financial Report for Fiscal Year Ending June 30, 2023. (Items 11-A)

President Hilden indicated Motion No. 23-11-1989 was approved by a 4-0 (with Director Lee absent) vote

- ◆ Mr. Byerrum reviewed the District’s investment transaction report for the period ending November 30, 2023. The Board was then asked to receive, approve, and file the investment transactions report. (Item 11-B)

Motion No. 23-12-1990: Upon consideration thereof, it was moved by Director Woo, seconded by Director Kwong, and carried 4-0 (with Director Lee absent), to receive, approve, and file the investment transactions report. (Item 11-B)

President Hilden indicated Motion No. 23-12-1990 was approved by a 4-0 (with Director Lee absent) vote

- ◆ As a matter of information only, the Board received a Revenue Bond Funds Held in Trust report. (Item 11-C)

Item 12: Engineering Committee – Director Woo

- ◆ The Board was asked to authorize the General Manager to execute a contract for materials with West Coast Pipe for the 57/60 Freeway and Grand Ave Improvement (P.N. 20-3681) for \$272,357.16. (Item 12-A)

Motion No. 23-12-1991: Upon consideration thereof, it was moved by Director Tang, seconded by Director Woo, and carried 4-0 (with Director Lee absent), to authorize the General Manager to execute a contract for materials with West Coast Pipe for the 57/60 Freeway and Grand Ave Improvement (P.N. 20-3681) for \$272,357.16. (Item 12-A)

President Hilden indicated Motion No. 23-12-1991 was approved by a 4-0 (with Director Lee absent) vote

- ◆ Mr. Monk reviewed the Operations Report included in the Board Packet. No action was taken by the Board. (Item 12-B)

Item 13: Personnel Committee – Director Tang

- ◆ There were no Personnel Committee matters to come before the Board at this time. (Item 13)

Item 14: TVMWD/MWD

- ◆ Updates on TVMWD/MWD business matters were provided by TVMWD Chief Operating Officer Steve Lang and Director David De Jesus. (Item 14)

Item 15: The P-W-R Joint Water Line Commission

- ◆ Mr. Monk reported on the P-W-R Joint Water Line Commission water use report for the month of October 2023. (Item 15)

Item 16: Puente Basin Water Agency (PBWA)

- ◆ Director Woo stated there was no information to report to the Board. (Item 16)

Item 17: Spadra Basin Groundwater Sustainability Agency

- ◆ Director Tang reported on the December 4, 2023, Executive Committee meeting. The next meeting scheduled for January 2, 2024 (Item 17)

Item 18: General Manager’s Report

- ◆ The Board received the District’s activities calendars for January, February, and March 2024. (Item 18-A)
- ◆ The Board recognized the District for its recent ACWA/JPIA President’s Special Recognition Award. (Item 18-B)
- ◆ The Board recognized Ms. Carmen Fleming for her recent completion of the ACWA/JPIA Professional Development Program- Human Resource Certification Program. (Item 18-C)
- ◆ The Board recognized Mr. Alex Cabrera for his recent completion of the ACWA/JPIA Professional Development Program- Human Resource and Supervisor Basics Certification Program. (Item 18-D)

Item 19: Water Supply and Conservation

- ◆ The Board received reports and graphs of the following items: District potable and recycled water use, Calendar Year 2023 purchased water estimate, conservation goal summary, climate summary, and 2023 monthly water consumption versus the 2013 and 2020 baseline years. The report noted that the District’s water usage for November 2023 was 16.26% lower than usage in November 2020 and 27.22% lower than usage in November 2013. (Item 19-A)
- ◆ The Board viewed reports on California’s water supply and reservoir conditions as of December 4, 2023. (Item 19-B)

Item 20: Directors’ Oral Reports

(NOTE: Board meeting minutes provide written reports of Board meeting, Committee meetings, and District associated activities. Directors may include reports of their participation in non-expense or per diem paid community events as a matter of information.) (Item 20)

- ◆ Director Hilden reported the following on his activities for November: the District’s Regular and Special Board Meetings, all Committee meetings, TVMWD Board meetings, DB Veterans Recognition Ceremony, signing the GM contract, and the DB community foundation Gala.

- ◆ Director Kwong reported on the following activities for October: the CEO Workshop for effective engagement with legislators, the District’s Regular and Special Board Meetings, the Public Information Committee meeting, the WVWD workshop, and translating for the Water Saver Appreciation invitation.
- ◆ Although Director Lee was not in attendance to report on her activities for November, her expense report noted her attendance at the following meetings/events: The District’s Regular and Special Board meeting, Finance Committee and Engineering Committee meeting, and the SPADRA Executive Committee meeting.
- ◆ Director Tang reported on the following for November: District’s Regular and Special Board meetings, all committee meetings, the SPADRA Executive Committee meeting, the WVWD workshop, translating for WVWD’s outreach event, and WVWD GM interview questions review and revisions.
- ◆ Director Woo reported the following for November: The District’s Regular and Special Board meeting, the Public Information Committee Meeting, the Engineering Committee Meeting, the TVMWD Board meeting, and the ACWA conference. Director Lee also included a revised report for October.

Item 21: Legal Reports

- ◆ There were no legal reports to come before the Board at this time. (Item 21)

Item 22: Items for Future Discussion

- ◆ There were no requests for future discussion items. (Item 22)

Item 23: Board of Directors Business

- ◆ The Board was asked to consider approval of the seventh amendment to the General Manager’s Employment contract reflective of a 4% salary adjustment, as approved at the November 13 Board of Directors’ meeting, and a 4% Cost-of-Living Adjustment provided to all District employees in the Terms and Conditions of Employment for 2023-2027. (Item 23-A)

Motion No. 23-12-1992: Upon consideration thereof, it was moved by Director Tang, seconded by Director Hilden, and carried 4-0 (with Director Lee absent), to approve the seventh amendment to the General Manager’s Employment Contract reflective of a previously approved 4% salary adjustment and a 4% Cost-of-Living Adjustment, effective January 1, 2024 (Item 23-A)

President Hilden indicated Motion No. 23-12-1992 was approved by a 4-0 (with Director Lee absent) vote

- ◆ The Board was asked to approve the 2024 Walnut Valley Water District Board meeting and workshop schedule, noting that subsequent adjustments may be made by the Board in accordance with the Brown Act. (Item 23-B)

Motion No. 23-12-1993: Upon consideration thereof, it was moved by Director Kwong, seconded by Director Tang, and carried 4-0 (with Director Lee absent), to approve the CY 2024 Board and Workshop meeting schedule as presented. (Item 23-B)

President Hilden indicated Motion No. 23-12-1993 was approved by a 4-0 (with Director Lee absent) vote

- ◆ Officers were rotated in accordance with the “Board Reorganization Rotation Policy.”
Theresa Lee, President
Scarlett P. Kwong, First Vice President
Jerry Tang, Second Vice President
Henry Woo, Assistant Treasurer
Edwin Hilden, Director
(Item 23-C)

Motion No. 23-12-1994: Upon consideration thereof, it was moved by Director Woo, seconded by Director Kwong, and carried 4-0 (with Director Lee absent), to approve the Rotation of Officers as noted above. (Item 23-C)

President Hilden indicated Motion No. 23-12-1994 was approved by a 4-0 (with Director Lee absent) vote

- ◆ It was determined that Board appointments to the offices of Secretary, Assistant Secretary, Treasurer, and Second Assistant Treasurer would be as follows: Erik Hitchman, Secretary; Joshua Byerrum, Treasurer; Lucie Cazares, Assistant Secretary; Jared Macias, Second Assistant Treasurer. (Item 23-C)

Motion No. 23-12-1995: Upon consideration thereof, it was moved by Director Tang, seconded by Director Kwong, and carried 4-0 (with Director Lee absent), to approve the Board appointments as noted above. (Item 23-C)

President Hilden indicated Motion No. 23-12-1995 was approved by a 4-0 (with Director Lee absent) vote

- ◆ The Board was asked to defer the appointment of the Annual Board Commission and Agency Assignment selection for calendar year 2023. No Board action was taken at this time. (Item 23-C)
- ◆ The Board was asked to approve the General Manager's Employment Contract as drafted by Legal Counsel. The proposed contract, with a provision for a three-year extension, will be effective March 1, 2024. The contract is for an annual salary of \$250,929 and does not include an auto allowance. (Item 23-D)

Motion No. 23-12-1996: Upon consideration thereof, it was moved by Director Woo, seconded by Director Tang, and carried 4-0 (with Director Lee absent), to approve the General Manager's Employment Contract as drafted by Legal Counsel. (Item 23-D)

President Hilden indicated Motion No. 23-12-1996 was approved by a 4-0 (with Director Lee absent) vote

- ◆ A schedule of 2023 key conferences/events was provided to the Board as a matter of information only. (Item 23-E)

Adjournment at 6:14 p.m.

Walnut Valley Water District
Check Register For the Month of December 2023

CHECK NUMBER	DATE	PAYEE	AMOUNT
8796	12/1/2023	Holmes, Michael-VOIDED	
8887	12/1/2023	King, John C.-VOIDED	
9575	12/11/2023	NPG, Inc.-VOIDED	
9632	12/1/2023	Son Young Jung-VOIDED	
9633	12/1/2023	American Water Works Association	\$ 7,716.00
9634	12/1/2023	Civiltec Engineering, Inc.	\$ 11,010.00
9635	12/1/2023	McMaster-Carr Supply Company	\$ 47.06
9636	12/1/2023	L.A. County Department of Public Works	\$ 1,258.71
9637	12/1/2023	Walnut Valley Water District	\$ 1,047.84
9638	12/1/2023	Western Exterminator Company	\$ 88.00
9639	12/1/2023	Thermal Concepts, Inc.	\$ 2,119.75
9640	12/1/2023	Vari Sales Corporation	\$ 2,075.02
9641	12/1/2023	Via Promotionals, Inc.	\$ 443.40
9642	12/1/2023	The Brand Movement LLC	\$ 1,250.00
9643	12/1/2023	Son Young Jung	\$ 300.00
9644	12/1/2023	King, John C.	\$ 700.00
9645	12/1/2023	Holmes, Michael	\$ 7.00
9646	12/6/2023	Badger Meter, Inc.	\$ 520,056.29
9647	12/6/2023	Federal Express	\$ 34.22
9648	12/6/2023	Graybar Electric Company, Inc.	\$ 1,726.86
9649	12/6/2023	Steven Enterprises, Inc.	\$ 987.47
9650	12/6/2023	Tucker Tire Company, Inc.	\$ 1,269.24
9651	12/6/2023	Western Water Works	\$ 8,993.10
9652	12/6/2023	Cintas Corporation #150	\$ 199.35
9653	12/6/2023	InForm Decisions	\$ 198.72
9654	12/6/2023	InfoSend, Inc.	\$ 14,748.53
9655	12/6/2023	Ferguson Waterworks - Santa Ana	\$ 100.40
9656	12/6/2023	Cintas First Aid & Safety LOC#168	\$ 216.81
9657	12/6/2023	Azusa Land Reclamation, Inc.	\$ 4,960.82
9658	12/6/2023	Puente Hills Ford	\$ 2,336.18
9659	12/6/2023	Frontier Communications	\$ 386.67
9660	12/6/2023	TelePacific Corp.	\$ 1,135.09
9661	12/6/2023	Iga Printing	\$ 719.25
9662	12/6/2023	Fu, Stephanie	\$ 86.07
9663	12/6/2023	HASA, Inc.	\$ 3,829.30
9664	12/6/2023	ALS Group USA, Corp.	\$ 402.00

Walnut Valley Water District
Check Register For the Month of December 2023

CHECK NUMBER	DATE	PAYEE	AMOUNT
9665	12/6/2023	Southwest Valve & Equipment, LLC	\$ 2,554.64
9666	12/6/2023	Yo Fire	\$ 302.22
9667	12/6/2023	Autonovation Mobile Auto Repair	\$ 952.80
9668	12/6/2023	Interstate Battery System of Inland Valley	\$ 509.34
9669	12/6/2023	La Verne Power Equipment, Inc.	\$ 1,422.21
9670	12/6/2023	Fluoresco Services, LLC	\$ 346.85
9671	12/13/2023	ACWA Services Corporation	\$ 145,562.60
9672	12/13/2023	Badger Meter, Inc.	\$ 492.01
9673	12/13/2023	Dangelo Co, Inc.	\$ 54,016.44
9674	12/13/2023	McMaster-Carr Supply Company	\$ 113.79
9675	12/13/2023	Tucker Tire Company, Inc.	\$ 2,072.60
9676	12/13/2023	Underground Service Alert	\$ 451.00
9677	12/13/2023	Western Water Works	\$ 330.70
9678	12/13/2023	Home Depot Credit Services	\$ 95.19
9679	12/13/2023	Cintas Corporation #150	\$ 207.65
9680	12/13/2023	Rowland Water District	\$ 719.74
9681	12/13/2023	Chandler Asset Management, Inc.	\$ 3,032.19
9682	12/13/2023	Applied Technology Group, Inc.	\$ 2,054.20
9683	12/13/2023	Morrow-Meadows Corporation	\$ 7,735.60
9684	12/13/2023	Online Information Services, Inc.	\$ 310.80
9685	12/13/2023	Harrington Industrial Plastics, LLC	\$ 260.13
9686	12/13/2023	Shute, John	\$ 1,690.00
9687	12/13/2023	Cintas First Aid & Safety LOC#168	\$ 216.81
9688	12/13/2023	West Coast Sand and Gravel, Inc.	\$ 1,598.08
9689	12/13/2023	State Water Resources Control Board-NPDES Permit	\$ 3,576.00
9690	12/13/2023	Veritiv Operating Company	\$ 1,529.65
9691	12/13/2023	Managed Mobile, Inc.	\$ 989.60
9692	12/13/2023	HASA, Inc.	\$ 1,773.82
9693	12/13/2023	A & J Tree Care, Inc.	\$ 43,500.00
9694	12/13/2023	Verizon Wireless	\$ 646.00
9695	12/13/2023	Bay Alarm Company	\$ 534.00
9696	12/13/2023	Diamond Bar Evergreen Club	\$ 500.00
9697	12/13/2023	Raymond Handling Solutions, Inc.	\$ 267.00
9698	12/13/2023	SoCal SCADA Solutions, LLC	\$ 16,915.00
9699	12/13/2023	Autonovation Mobile Auto Repair	\$ 245.00
9700	12/13/2023	Quadient, Inc.	\$ 191.38

Walnut Valley Water District
Check Register For the Month of December 2023

CHECK NUMBER	DATE	PAYEE	AMOUNT
9701	12/13/2023	IB Consulting, LLC	\$ 11,123.00
9702	12/13/2023	Right of Way, Inc.	\$ 6,089.98
9703	12/13/2023	Via Promotionals, Inc.	\$ 2,727.89
9704	12/13/2023	Corelogic Solutions, LLC	\$ 257.50
9705	12/13/2023	Flume, Inc.	\$ 328.50
9706	12/13/2023	Axelliant LLC	\$ 5,560.00
9707	12/13/2023	Woo, Henry	\$ 195.10
9708	12/13/2023	Day & Nite Publishing	\$ 266.08
9709	12/13/2023	11:11 Systems, Inc.	\$ 548.22
9710	12/13/2023	Searock Stafford CM, Inc.	\$ 11,605.00
9711	12/15/2023	Azteca Landscape	\$ 15,675.00
9712	12/15/2023	Badger Meter, Inc.	\$ 1,150.60
9713	12/15/2023	Graybar Electric Company, Inc.	\$ 79.80
9714	12/15/2023	Hach Company	\$ 2,125.08
9715	12/15/2023	Ken's Ace Hardware	\$ 58.01
9716	12/15/2023	Pomona City Clerk	\$ 1,827.76
9717	12/15/2023	Tucker Tire Company, Inc.	\$ 125.00
9718	12/15/2023	United Rentals Northwest, Inc.	\$ 96.36
9719	12/15/2023	Western Water Works	\$ 419.53
9720	12/15/2023	Jack's Lock & Key	\$ 25.19
9721	12/15/2023	Air Resources Board	\$ 805.00
9722	12/15/2023	Rowland High School	\$ 870.00
9723	12/15/2023	Sully-Miller Contracting Company	\$ 82,325.10
9724	12/15/2023	InfoSend, Inc.	\$ 17,800.48
9725	12/15/2023	Industry Public Utility Commission	\$ 1,193.33
9726	12/15/2023	Ferguson Waterworks - Santa Ana	\$ 21,528.72
9727	12/15/2023	D & H Water Systems, Inc.	\$ 12,792.50
9728	12/15/2023	Harrington Industrial Plastics, LLC	\$ 1,551.36
9729	12/15/2023	West Coast Sand and Gravel, Inc.	\$ 764.29
9730	12/15/2023	S & J Supply Company, Inc.	\$ 4,907.13
9731	12/15/2023	Frontier Communications	\$ 1,015.98
9732	12/15/2023	State Water Resources Control Brd - ELAP	\$ 4,615.00
9733	12/15/2023	Hill Brothers Chemical Company	\$ 4,401.45
9734	12/15/2023	Premier Family Medicine Associates, Inc.	\$ 95.00
9735	12/15/2023	HASA, Inc.	\$ 1,761.50
9736	12/15/2023	Global Environmental Network, Inc.	\$ 3,165.15

Walnut Valley Water District
Check Register For the Month of December 2023

CHECK NUMBER	DATE	PAYEE	AMOUNT
9737	12/15/2023	Green Media Creations, Inc.	\$ 5,097.00
9738	12/15/2023	Bay Alarm Company	\$ 435.90
9739	12/15/2023	Canon Solutions America, Inc.	\$ 2,090.82
9740	12/15/2023	Healthequity, Inc.	\$ 8.85
9741	12/15/2023	GNA - Brook Fire Protection, Inc.	\$ 125.00
9742	12/15/2023	Global Power Supply, LLC	\$ 5,619.00
9743	12/15/2023	Central Communications	\$ 658.72
9744	12/15/2023	La Canada Design Group, Inc.	\$ 11,817.00
9745	12/15/2023	Leadership Development Network LLC	\$ 7,900.00
9746	12/15/2023	Noble, Garrett	\$ 197.00
9747	12/15/2023	Random Fabrication	\$ 1,500.00
9748	12/15/2023	Merrimac Energy Group	\$ 11,211.46
9749	12/15/2023	Hernandez, Samuel	\$ 308.69
9750	12/27/2023	Dell Computer, Inc.	\$ 179.31
ACH003	12/6/2023	L.A. County Department of Public Works	\$ 53,353.67
EFT000000000962	12/4/2023	Reliance Standard Life Insurance Co.	\$ 8,045.18
EFT000000000963	12/4/2023	Quest Building Services	\$ 2,595.00
EFT000000000964	12/7/2023	Puente Basin Water Agency	\$ 650,525.70
EFT000000000965	12/7/2023	Pomona-Walnut-Rowland JWL Commission	\$ 934,221.65
EFT000000000966	12/14/2023	Doty Bros Equipment Co, Inc.	\$ 11,423.53
EFT000000000967	12/14/2023	Puente Basin Water Agency	\$ 149,616.25
EFT000000000968	12/14/2023	Amazon Capital Services, Inc.	\$ 3,989.70
EFT000000000969	12/14/2023	Sunset Signs and Printing, Inc.	\$ 1,616.25
EFT000000000970	12/14/2023	NPG, Inc.	\$ 28,231.00
EFT000000000971	12/18/2023	Doty Bros Equipment Co, Inc.	\$ 88,875.61
EFT000000000972	12/18/2023	East West Bank - Visa	\$ 13,144.77
XFR000007698	12/19/2023	PAYROLL	\$ 281,905.02
XFR000007699	12/19/2023	WATER REFUND	\$ 14,150.98
TOTAL			\$ 3,396,882.84

Reviewed by:

Josh Byles

Director of Finance

JANUARY 4, 2024

Date

Reviewed by:

John H. Himm

General Manager

Jan 5, 2024

Date

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
SUBMITTED BY: External Affairs & Sustainability
DATE: January 16, 2024
SUBJECT: Community Outreach Update

Action/Discussion Fiscal Impact Resolution Information Only

RECOMMENDATION

For information only.

BACKGROUND INFORMATION:

External Affairs & Sustainability Outreach Update

1. January Bill Inserts
District customers received the inserts noted below (front/back) with their monthly bill statement.

Insert Front



WALNUT VALLEY WATER DISTRICT FACILITY TOURS

Let's dive in and get to know your water at work.

Register at walnutvalleywater.gov



Insert Back



LET'S DIVE IN.

TOUR DATES



- #1 Saturday, February 17, 2024
- #2 Wednesday, February 21, 2024
- #3 Saturday, February 24, 2024

Registration is required. Facility tours are for WVWD customers. Each customer is allowed to register for one date only.

REGISTER AT WALNUTVALLEYWATER.GOV

January Bill Snipe

District customers received the bill snipe design noted below (front/back) with their monthly bill statement.



2. Facebook, Twitter, Instagram, and YouTube

The District regularly posts updates and promotions of external affairs/sustainability activities, conservation tips, and education materials on Facebook, Twitter, Instagram, and YouTube.

During December, the District shared the following:

- Christmas Holiday Office Closure
- Board agenda highlights
- And more



External Affairs & Sustainability Activities

1. Water Saver Appreciation Night

The District will be hosting a Water Saver Appreciation Night event on Wednesday, January 10th from 6-8 PM at the District's Workshop Gallery. The event is invite-only to customers who attended multiple workshops and events during the past year. The purpose of the event is to have insightful discussions and opportunities with these customers to promote sustainability in the community.

2. City of Walnut Birthday Bash

The District will be participating in the City of Walnut's Birthday Bash on Saturday, January 20th at Suzanne Park. The District will be having a booth to hand out giveaway items, promoting the Customer Portal, and the District Facility Tours.

3. District Facility Tours

The District will be hosting Facility Tours for the public in February. Customers will have the opportunity to visit our facilities and get to learn more about their water at work. Registration for the tours can be done at: https://walnutvalleywater.gov/event_list/tour/

- Saturday, February 17th @ 10 AM
- Wednesday, February 21st @ 2 PM
- Saturday, February 24th @ 10 AM

4. Coffee Corner at the Walnut Senior Center
The District was at the Walnut Senior Center on December 6, 2023, to promote sign-ups for the customer portal. Customers who signed up for the customer portal received a holiday-themed plant and succulent.
5. Holiday Succulent Arrangement Workshop
The District hosted a holiday succulent arrangement workshop on December 6, 2023, at the District's Workshop Gallery. Customers had the opportunity to decorate their succulent arrangement.
6. Public Water Agencies Group - Conservation and Education Team (PWAG-CET)
WVWD is a member of the Public Water Agencies Group (PWAG) Conservation and Education Team (CET) which provides conservation and educational resources to teachers and students. All schools, teachers, and students within WVWD's service area have access to all of the PWAG CET programs and services, including the Splash Cash program, Scholar Dollar program, and more. The winners of PWAG-CET's "Splash Cash" Program, where K-12 teachers receive financial support for creative classroom projects and activities focused on water education, were recently notified. Mrs. Baird from Vejar Elementary School won her grant for a project to beautify the campus with a water-wise garden. Mrs. Chiang from Rowland High School also received a grant for an ecological reserve field trip for her students.

Local Sponsorships

1. Suzanne Middle School GIFT
The District sponsored the Girls in Future Technologies (GIFT) event hosted by Women of AT&T Southern California. The event was held at Suzanne Middle School on December 14, 2023.
2. Diamond Bar Evergreen Club Birthday Celebration
The District sponsored the Diamond Bar Evergreen Club Birthday Celebration event that was held on December 14, 2023, at the Diamond Bar Center. The District had a booth at the event and handed out giveaway items to the members of the DB Evergreen Club.
3. Suzanne Middle School Chinese American Parent Association (CAPA) Project Bright
The District's partnership with Suzanne CAPA known as Project Bright is ongoing. This program introduced students to water sustainability while they earned volunteer hours for the United States Presidential Award and promoted the mission and vision of the District in the community. The students completed their target of 100 Flume installations in December.
4. MeterHero
The District launched its partnership with MeterHero as part of its commitment to sustainability and community engagement. MeterHero is an innovative academic curriculum designed to provide high school students with hands-on experience in water conservation and data analysis. Students learn to collect and analyze water meter data from their homes, and then develop and implement a water conservation strategy that benefits their household and the community. Three teachers, one each from Rowland High School, Walnut High School, and Diamond Ranch High School, plan on implementing the MeterHero Program this upcoming winter.

DIRECTOR EXPENSE FORM



NAME: Edwin Hilden

DATE: December 2023

No	Date	Title of Meeting / Description	Per Diem Request	Mileage (assumed as round trip unless noted)			
				From Location	To Location	Miles	Miles \$
1	12/4/2023	Special Board Meeting - GM Candidate Interviews	<input checked="" type="checkbox"/>				\$ -
2	12/14/2023	Public Info Meeting	<input type="checkbox"/>				\$ -
3	12/11/2023	WVWD Board Meeting	<input checked="" type="checkbox"/>				\$ -
4	12/14/2023	Sign documents	<input type="checkbox"/>				\$ -
5	12/14/2023	MWD Poster Recognition (Zoom)	<input checked="" type="checkbox"/>				\$ -
6	12/20/2023	TVMWD Board Meeting	<input checked="" type="checkbox"/>				\$ -
7			<input type="checkbox"/>				\$ -
8			<input type="checkbox"/>				\$ -
9			<input type="checkbox"/>				\$ -
10			<input type="checkbox"/>				\$ -
11			<input type="checkbox"/>				\$ -
12			<input type="checkbox"/>				\$ -
13			<input type="checkbox"/>				\$ -

Total Number of Miles: 0 X \$0.655 \$ -

Total Reimbursable Expenses \$ -

Total Meeting Compensation 4 X \$150.00 per day \$ 600.00

TOTAL \$ 600.00

I certify the above is correct and accurate to the best of my knowledge



 Signature

12/22/2023

 Date

* Mileage is reimbursed at IRS Standard Business Mileage Rate \$0.655
 **Directors are eligible for seven meeting days per month at \$150 per day.

DIRECTOR EXPENSE FORM



NAME: Kwong

DATE: December 2023

No	Date	Title of Meeting / Description	Per Diem Request	Mileage (assumed as round trip unless noted)			
				From Location	To Location	Miles	Miles \$
1	12/3/2023	Heart of Hope Celebration	<input checked="" type="checkbox"/>				\$ -
2	12/4/2023	GM interview	<input checked="" type="checkbox"/>				\$ -
3	12/4/2023	Public Info Committee	<input type="checkbox"/>				\$ -
4	12/7/2023	PWR JWL commission	<input checked="" type="checkbox"/>				\$ -
5	12/11/2023	Board meeting	<input checked="" type="checkbox"/>				\$ -
6			<input type="checkbox"/>				\$ -
7			<input type="checkbox"/>				\$ -
8			<input type="checkbox"/>				\$ -
9			<input type="checkbox"/>				\$ -
10			<input type="checkbox"/>				\$ -
11			<input type="checkbox"/>				\$ -
12			<input type="checkbox"/>				\$ -
13			<input type="checkbox"/>				\$ -

Total Number of Miles: 0 X \$0.655 \$ -

Total Reimbursable Expenses \$ -

Total Meeting Compensation 4 X \$150.00 per day \$ 600.00

TOTAL \$ 600.00

I certify the above is correct and accurate to the best of my knowledge

Signature

Date

* Mileage is reimbursed at IRS Standard Business Mileage Rate \$0.655

**Directors are eligible for seven meeting days per month at \$150 per day.

DIRECTOR EXPENSE FORM



NAME: Theresa Lee

DATE: Dec. 2023

No	Date	Title of Meeting / Description	Per Diem Request	Mileage (assumed as round trip unless noted)			
				From Location	To Location	Miles	Miles \$
1	12/3/2023	Heart of Hope (HOH) Christmas Party/Award Ceremony	<input checked="" type="checkbox"/>				\$ -
2	12/4/2023	WVWD GM Interview	<input checked="" type="checkbox"/>				\$ -
3	12/4/2023	Spadra Advisory Committee Meeting	<input type="checkbox"/>				\$ -
4	12/4/2023	WVWD Finance Committee Meeting	<input type="checkbox"/>				\$ -
5	12/5/2023	WVWD Engineering Committee Meeting	<input checked="" type="checkbox"/>				\$ -
6	12/5/2023	WVWD Building Ad Hoc Committee Meeting	<input type="checkbox"/>				\$ -
7	12/6/2023	WVWD Succession Committee Meeting	<input checked="" type="checkbox"/>				\$ -
8	12/7/2023	PBWA Board Meeting @ WVWD	<input checked="" type="checkbox"/>				\$ -
9			<input type="checkbox"/>				\$ -
10			<input type="checkbox"/>				\$ -
11			<input type="checkbox"/>				\$ -
12			<input type="checkbox"/>				\$ -
13			<input type="checkbox"/>				\$ -

Total Number of Miles: 0 X \$0.655 \$ -

Total Reimbursable Expenses \$ -

Total Meeting Compensation 5 X \$150.00 per day \$ 750.00

TOTAL \$ 750.00

I certify the above is correct and accurate to the best of my knowledge

Signature

Date

* Mileage is reimbursed at IRS Standard Business Mileage Rate \$0.655

**Directors are eligible for seven meeting days per month at \$150 per day.

DIRECTOR EXPENSE FORM



NAME: Henry Woo

DATE: December 2023

No	Date	Title of Meeting / Description	Per Diem Request	Mileage (assumed as round trip unless noted)			
				From Location	To Location	Miles	Miles \$
1	12/3/2024	Review candidates' resumes for GM interview	<input checked="" type="checkbox"/>				\$ -
2	12/4/2024	Interview potential candidates for GM	<input checked="" type="checkbox"/>				\$ -
3	12/5/2024	Engineering Committee meeting	<input checked="" type="checkbox"/>				\$ -
4	12/5/2024	Ad Hoc building committee meeting	<input type="checkbox"/>				\$ -
5	12/11/2024	Regular Board Meeting	<input checked="" type="checkbox"/>				\$ -
6			<input type="checkbox"/>				\$ -
7			<input type="checkbox"/>				\$ -
8			<input type="checkbox"/>				\$ -
9			<input type="checkbox"/>				\$ -
10			<input type="checkbox"/>				\$ -
11			<input type="checkbox"/>				\$ -
12			<input type="checkbox"/>				\$ -
13			<input type="checkbox"/>				\$ -

Total Number of Miles: 0 X \$0.655 \$ -

Total Reimbursable Expenses \$ -

Total Meeting Compensation 4 X \$150.00 per day \$ 600.00

TOTAL \$ 600.00

I certify the above is correct and accurate to the best of my knowledge

Signature

Date

* Mileage is reimbursed at IRS Standard Business Mileage Rate \$0.655

**Directors are eligible for seven meeting days per month at \$150 per day.



**WALNUT VALLEY WATER DISTRICT
TREASURER'S REPORT
January 16, 2024**

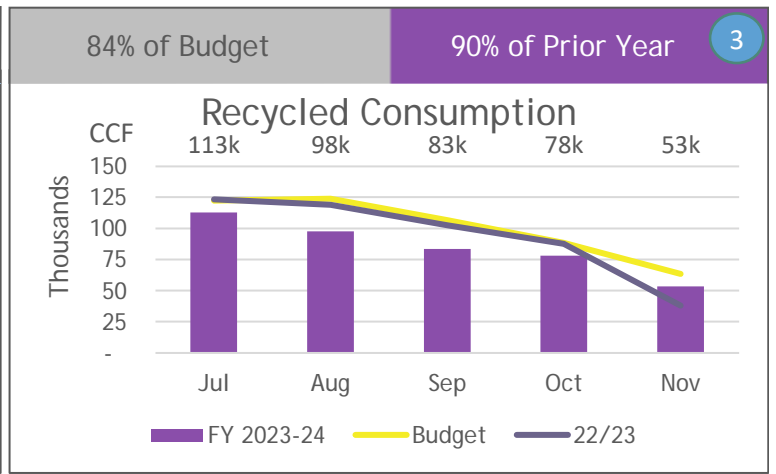
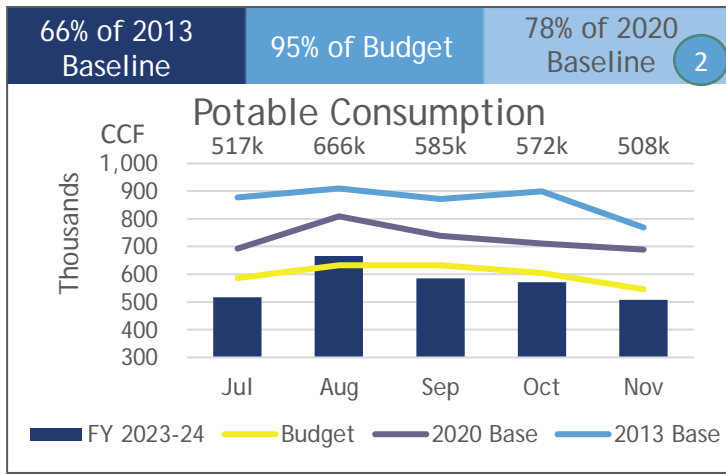
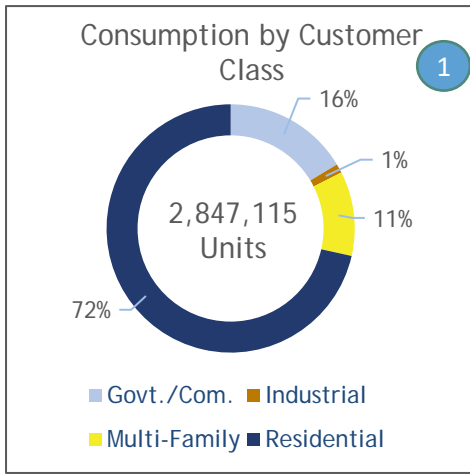
- A. Financial Dashboard as of November 30, 2023
- B. District Statement of Revenues, Expenses, and Change in Net Position as of November 30, 2023
- C. District Statement of Net Position as of November 30, 2023
- D. Summary of Cash Investments as of November 30, 2023



Walnut Valley Water District Financial Dashboard

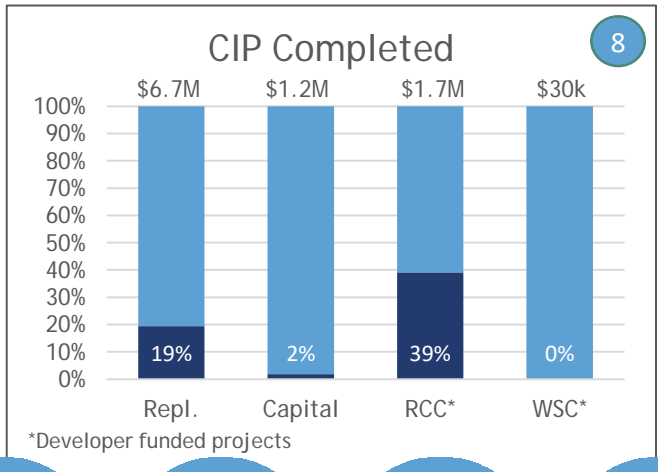
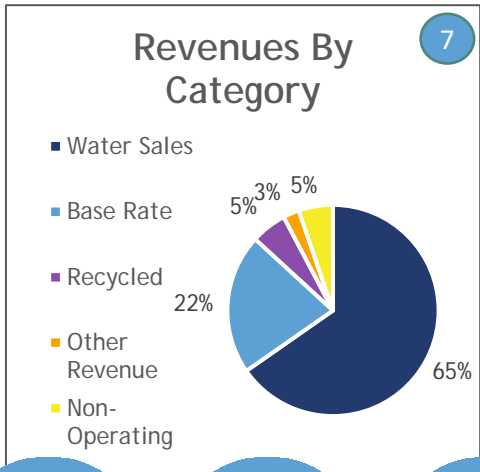
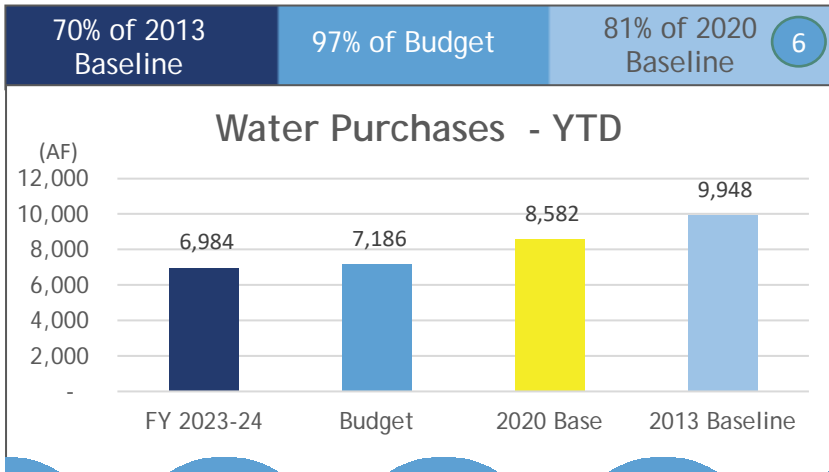


November 30, 2023



YTD Revenue: \$17,748,756
 YTD Budget: \$18,705,800
95%

YTD Expense: \$15,317,146
 YTD Budget: \$16,150,150
95%



1,033 Overdue Notice (-238)
 65 Turn-Offs (+4)
 6,764 E-Bills - Customers (+12)
 716 Afford. Rate Customers (-7)
 1,139 Phone Calls Monthly (-288)

* Consumption revenue and expense data excludes wholesale water

Walnut Valley Water District
 Unaudited Statement of Revenues, Expenses & Changes in Net Position
 Summary by Division
 For the Five Months Ending Thursday, November 30, 2023

	November			YTD		
	Actual	Budget	% of Budget	Actual	Budget	% of Budget
Operating Revenues						
Water Sales	\$3,119,665.56	\$3,218,800.00	96.92%	\$17,133,012.23	\$36,977,100.00	46.33%
Water Sales - Recycled	140,713.47	173,600.00	81.06%	1,025,377.41	2,376,100.00	43.15%
Hydroelectric Sales	3,542.55	2,500.00	141.70%	16,433.08	30,000.00	54.78%
Stand-by Charges	9,733.80	20,300.00	47.95%	39,973.42	825,000.00	4.85%
Total Operating Revenues	3,273,655.38	3,415,200.00	95.86%	18,214,796.14	40,208,200.00	45.30%
Operating Expenses						
Operations	544,378.09	521,900.00	104.31%	2,904,838.02	6,996,000.00	41.52%
Engineering	109,135.13	130,000.00	83.95%	584,945.98	1,772,950.00	32.99%
Finance	163,235.80	172,950.00	94.38%	815,356.27	2,268,400.00	35.94%
Board of Directors/GM Office	113,389.99	124,750.00	90.89%	556,953.22	1,700,200.00	32.76%
Administrative Services	225,333.30	283,100.00	79.59%	1,350,479.99	3,693,150.00	36.57%
General Administration	109,888.18	99,350.00	110.61%	614,371.60	1,341,800.00	45.79%
Total Operating Expenses	1,265,360.49	1,332,050.00	94.99%	6,826,945.08	17,772,500.00	38.41%
Purchased Water & Related	1,490,169.75	1,550,400.00	96.12%	8,956,240.92	19,532,800.00	45.85%
Total Expenses	2,755,530.24	2,882,450.00	95.60%	15,783,186.00	37,305,300.00	42.31%
Income (Loss) From Operations	518,125.14	532,750.00	97.25%	2,431,610.14	2,902,900.00	83.76%
Nonoperating Revenues/(Expenses)	156,983.18	(75,500.00)	307.92%	840,988.57	1,795,100.00	46.85%
Income (Loss) Before Res. Rev & Deprec.	675,108.32	457,250.00	147.65%	3,272,598.71	4,698,000.00	69.66%
Restricted/Desig Rev & Other Exp.	57,762.05	0.00	0.00%	255,696.84	0.00	0.00%
Income (Loss) Before Depreciation	732,870.37	457,250.00	160.28%	3,528,295.55	4,698,000.00	75.10%
Depreciation & Amortization	469,525.02	0.00	0.00%	2,355,296.33	0.00	0.00%
Income Before Capital Contributions	263,345.35	457,250.00	57.59%	1,172,999.22	4,698,000.00	24.97%
Capital Contributions	135,465.71	0.00	0.00%	1,906,682.52	0.00	0.00%
Net Increase (Decrease) in Net Position	398,811.06	457,250.00	87.22%	3,079,681.74	4,698,000.00	65.55%

Walnut Valley Water District
Unaudited Statement of Net Position
Thursday, November 30, 2023

ASSETS

CURRENT ASSETS:

Cash & Investments - Unrestricted	\$31,581,537.14	
Accounts Receivable:		
Water	3,491,888.27	
Taxes	89,700.04	
Accrued Interest	220,456.34	
Other	3,017,507.76	
Standby Charges	48,391.56	
Materials Inventory	1,290,430.02	
Prepaid Expenses	501,286.22	
TOTAL CURRENT ASSETS		40,241,197.35

RESTRICTED ASSETS

Cash & Investments - Restricted	9,305,232.19	
Cash & Investments - Fiscal Agent	1,846,325.63	
Investment in Joint Venture	22,953,863.27	
TOTAL RESTRICTED ASSETS		34,105,421.09

OTHER ASSETS

CAPITAL ASSETS

Capital Assets	236,431,449.72	
Construction in Progress	13,201,396.99	
Less: Accumulated Depreciation	(132,621,821.73)	
NET CAPITAL ASSETS		117,011,024.98
TOTAL ASSETS		191,357,643.42

Walnut Valley Water District
 Unaudited Statement of Net Position
 Thursday, November 30, 2023

DEFERRED OUTFLOW OF RESOURCES

Deferred Pension Contributions		3,862,630.00
Deferred Outflow - Actuarial		5,284,963.00
Deferred Outflow - OPEB		5,585,032.00
TOTAL DEFERRED OUTFLOW OF RESOURCES		14,732,625.00

LIABILITIES & FUND EQUITY

CURRENT LIABILITIES

Accounts Payable	(4,330,836.59)	
Other Current Liabilities	333,367.13	
Current Portion of Long Term Debt	(630,000.00)	
Interest Payable	(23,116.99)	
TOTAL CURRENT LIABILITIES		(4,650,586.45)

RESTRICTED LIABILITIES

Accounts Payable	(11,012.64)	
Deposits	(3,548,809.30)	
Construction Advances	(3,641,396.65)	
TOTAL RESTRICTED LIABILITIES		(7,201,218.59)

LONG TERM DEBT & RELATED

Revenue Bonds	(14,750,000.00)	
Net Pension Liability	(18,082,080.00)	
Other Long-term Debt	(5,152,202.24)	
TOTAL LONG TERM DEBT & RELATED		(37,984,282.24)
TOTAL LIABILITIES		(49,836,087.28)

Walnut Valley Water District
Unaudited Statement of Net Position
Thursday, November 30, 2023

DEFERRED INFLOW OF RESOURCES

Deferred Inflow of Resources - Actuarial		(1,230,282.00)
Deferred Inflow of Resources - OPEB		(1,064,622.00)
TOTAL DEFERRED INFLOW OF RESOURCES		<u>(2,294,904.00)</u>

NET POSITION

Invested in Capital Assets, Net of Related Debt	117,011,024.98	
Restricted	11,524,202.50	
Unrestricted	25,424,049.66	
TOTAL NET POSITION	<u>153,959,277.14</u>	
TOTAL NET POSITION		<u>153,959,277.14</u>

Walnut Valley Water District
 Unaudited Summary of Cash and Investments
 11/30/2023

CASH & CASH EQUIVALENTS

Cash on Hand	\$3,000.00	
<u>Cash in Bank</u>		
East West Bank - General	\$1,982,428.71	
East West Bank - Payroll	320,000.00	
East West Bank - Water Refund	20,849.02	
East West Bank - Revolving	25,971.17	
East West Bank - Credit Card	906,203.93	
East West Bank - Badillo Grand	318,587.27	
East West Bank - Payroll Reimbursement	25,556.74	
Total Cash in Bank	3,599,596.84	
TOTAL CASH		\$3,602,596.84

INVESTMENTS

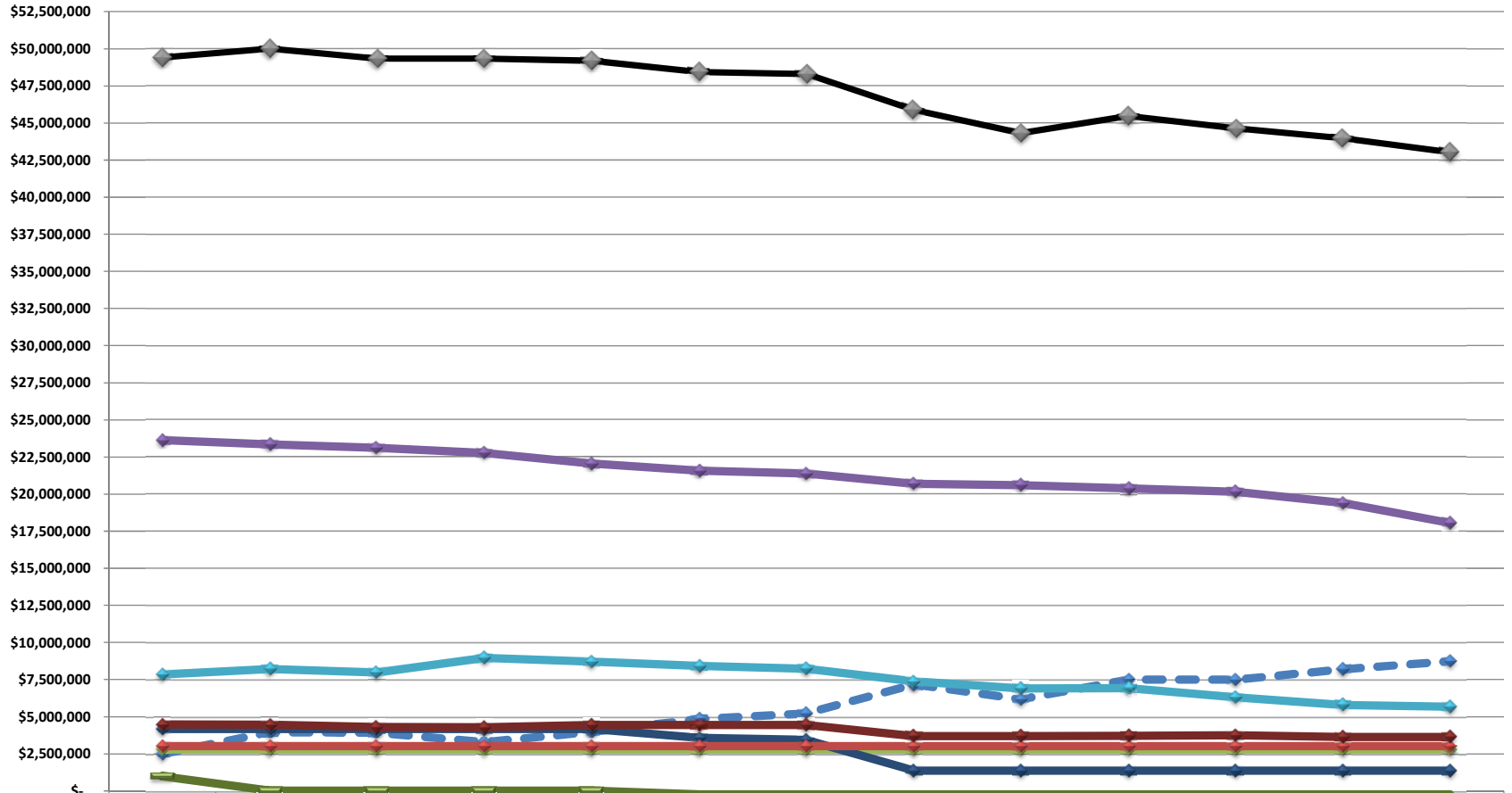
Certificates of Deposit	744,000.00	
Corporate Notes	8,975,000.00	
Supranational	1,100,000.00	
Local Agency Investment Fund (LAIF)	3,223,927.70	
BNY Mellon - Money Market (Sweep)	0.00	
US Agency	10,675,000.00	
US Treasury	14,715,000.00	
TOTAL INVESTMENTS	39,432,927.70	
TOTAL CASH & INVESTMENTS		\$43,035,524.54

I certify that this report accurately reflects all investments of the Walnut Valley Water District and that all investments are in full compliance with State law and District's Investment Policy.



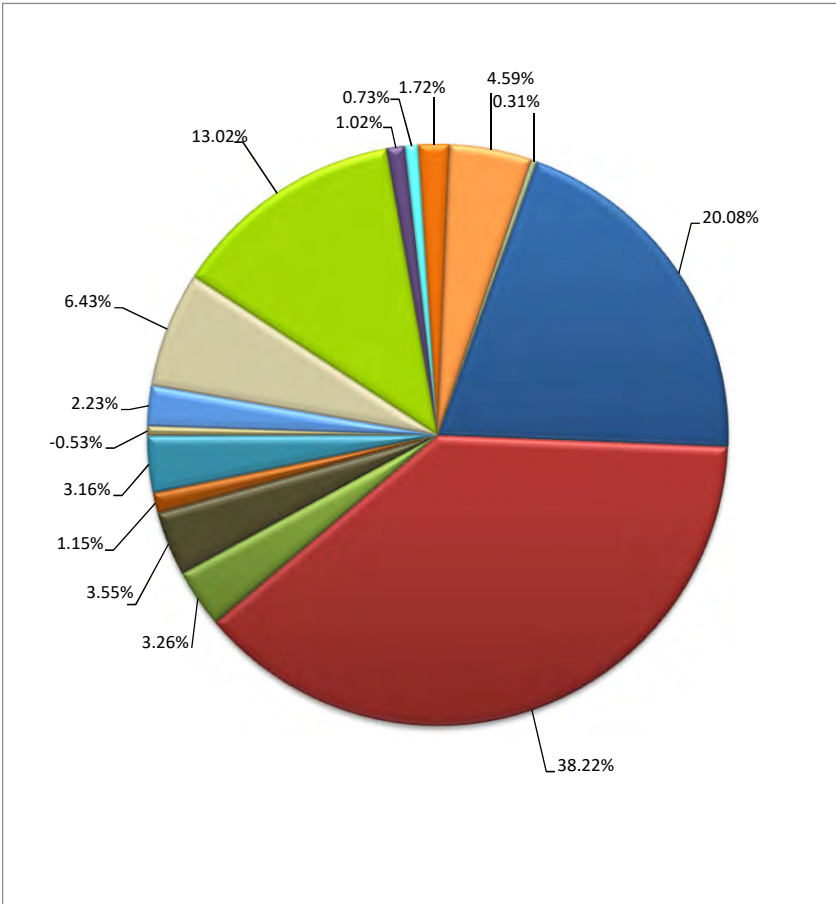
 Josh Byerrum
 Director of Finance

**Walnut Valley Water District
Cash Balances
November 2022 - November 2023**



	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	June 2023	Jul 2023	Aug 2023	Sept 2023	Oct 2023	Nov 2023
General Account	\$2,489,116	\$3,955,091	\$3,919,289	\$3,281,738	\$3,977,245	\$4,844,585	\$5,228,523	\$7,167,824	\$6,179,871	\$7,491,060	\$7,494,634	\$8,197,397	\$8,737,902
Operating Reserve	\$2,797,300	\$2,797,300	\$2,797,300	\$2,797,300	\$2,797,300	\$2,797,300	\$2,797,300	\$2,797,300	\$2,797,300	\$2,797,300	\$2,797,300	\$2,797,300	\$2,797,300
Capital/Replacement Reserve	\$23,635,945	\$23,352,906	\$23,122,130	\$22,771,166	\$22,048,349	\$21,580,523	\$21,382,976	\$20,705,150	\$20,592,179	\$20,396,350	\$20,151,494	\$19,398,941	\$18,044,477
Employee Liabilities Reserve	\$4,182,762	\$4,182,762	\$4,182,762	\$4,182,762	\$4,182,762	\$3,582,762	\$3,432,762	\$1,370,756	\$1,370,756	\$1,370,756	\$1,370,756	\$1,370,756	\$1,370,756
Stored Water Reserve	\$985,400	\$26,600	\$26,600	\$26,600	\$26,600	\$(230,500)	\$(230,500)	\$(230,500)	\$(230,500)	\$(230,500)	\$(230,500)	\$(230,500)	\$(230,500)
Other Designated Reserves	\$3,010,357	\$3,010,357	\$3,010,357	\$3,010,357	\$3,010,357	\$3,010,357	\$3,010,357	\$3,010,357	\$3,010,357	\$3,010,357	\$3,010,357	\$3,010,357	\$3,010,357
Customer/Dev. Deposits	\$7,848,527	\$8,218,615	\$7,975,296	\$8,965,918	\$8,709,835	\$8,419,998	\$8,226,094	\$7,375,176	\$6,902,538	\$6,926,420	\$6,304,515	\$5,802,384	\$5,665,231
Developer & Other Restricted	\$4,476,749	\$4,464,001	\$4,300,357	\$4,293,754	\$4,432,193	\$4,438,892	\$4,451,520	\$3,693,168	\$3,699,735	\$3,710,913	\$3,741,019	\$3,627,558	\$3,640,001
Grand Total	\$49,426,156	\$50,007,632	\$49,334,092	\$49,329,596	\$49,184,641	\$48,443,917	\$48,299,033	\$45,889,232	\$44,322,236	\$45,472,657	\$44,639,576	\$43,974,194	\$43,035,525

Walnut Valley Water District Summary of Cash and Investments by Reserve Fund November 30, 2023



ALLOCATION OF CASH AND INVESTMENTS		
Unrestricted		
Category 1		
General Account	\$ 8,737,901.50	20.30%
	\$ 8,737,901.50	20.30%
Designated		
Category 2		
Operating Reserve	\$ 2,797,300.00	6.50%
Replacement	\$ 16,622,455.54	38.63%
Capital Improvement	\$ 1,422,021.84	3.30%
Rate Stabilization	\$ 1,543,125.39	3.59%
B/G Catastrophic Ins	\$ 500,000.00	1.16%
Employee Liabilities	\$ 1,370,756.09	3.19%
Stored Water	\$ (230,500.00)	-0.54%
Project Reserve	\$ 967,231.99	2.25%
	\$ 24,992,390.85	58.08%

Restricted Reserves		
Category 3		
Customer/Developer Deposits	\$ 5,665,230.90	13.16%
	\$ 5,665,230.90	13.16%
Category 4		
ASC	\$ 442,870.25	1.03%
Badillo/Grand-Maintenance	\$ 318,587.27	0.74%
RCC	\$ 750,694.02	1.74%
WSC	\$ 1,996,183.48	4.64%
Capacity Charge	\$ 131,666.27	0.31%
	\$ 3,640,001.29	8.46%

Total \$ 43,035,524.54 100.00%

Category 1 - These are funds that accumulate from day-to-day operations and represent the net equity in the District's General Fund. All interest earned is retained in the General Fund.

Category 2 - These funds, although not legally or externally restricted, have been reserved pursuant to the Board's desire to provide a stable and equitable rate structure. All interest earned related to these funds is retained by each designated fund.

Category 3 - These funds have legal or external restrictions. These Restricted Funds can only be used for the specific purposes established for the fund. All interest earned is retained in the General Fund.

Category 4 - These funds have legal or external restrictions. All interest earned must be retained by each Restricted Fund and can only be used for the specific purposes established for the fund.

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
SUBMITTED BY: Director of Finance
DATE: January 16, 2024
SUBJECT: Approval of the FY 2022-23 Source and Application of Funds

Action/Discussion Fiscal Impact Resolution Information Only

Recommendation

That the Board of Directors approve staff's recommendation, for the FY 2022-23 Source and Application of Funds, to transfer the following from the General Account:

- A. \$164,800: To the Operating Reserve
- B. \$250,000: To the Capital Improvement Reserve
- C. \$2,624,276: To the Reserve for Replacement
- D. \$627,500: To the Stored Water Reserve
- E. \$750,000: To the Employees Liabilities Reserve related to the Employer OPEB and CalPERS liabilities
- F. \$955,346: To the PERS Unfunded obligation

Background Information

In past years, once the audit has been completed and the audit report issued, the District has prepared the Source and Application of funds, which is used as a basis to fund the District's reserves. These reserves are used to fund capital projects, replacement items, fund long-term liabilities, and stabilize rates. The Source and Application of Funds are based on cash flows related to operations for FY 2022-23 and may vary from the net income (change in net assets) reported on the financial statements.

1. Using this methodology, the General Funds available for transfer is \$5,371,922. Based on the current reserve policy and target funding levels, the staff is recommending:
 - A. \$164,800 be transferred to the operating reserve to meet the minimum funding policy equal to 2 months of operating expenses, excluding purchased water and debt service.
 - B. \$250,000 be transferred to the Capital Improvement Reserve to fund the capital projects approved in the District's CIP Budget for FY 2023-24, as well as to fund future capital projects.
 - C. \$2,624,276 be transferred to the Reserve for Replacement. Target funding levels for this reserve are based on the District's long-term Asset Replacement and Refurbishment Schedule covering a planning period of twenty years.
 - D. \$627,500 be transferred to the Stored Water Reserve to fund future purchases of untreated imported water necessary to operate the Water Supply Reliability Projects.

- E. \$750,000 be transferred to the Employer Liabilities Reserve related to the employer obligation for Other Post-Employment Benefits (OPEB) and CalPERS (PERS)
- F. \$955,346 to be transferred to PERS for an additional benefit payment as part of the proceeds from the bond refinancing.

Attached is a summary of the reserves balances as of June 30, 2023, including the recommended transfers.

*Attachment:
Cash Reserves Summary*

**Walnut Valley Water District
Cash Reserves Summary
June 30, 2023**

Reserve	Balance 6/30/2023	Recommend Transfers	Balance after Transfer	Minimum Funding Level	Maximum Funding level
Designated Funds (Category 2):					
Operating Reserve	2,797,300	164,800	2,962,100	2,962,100	
Capital Improvement	1,454,459	250,000	1,704,459	500,000	2,500,000
Replacement (Includes Building)	19,250,691	2,624,276	21,874,967	16,501,200	39,409,900
Stored Water	(230,500)	627,500	397,000	397,000	
Rate Stabilization	1,543,125	-	1,543,125	1,537,500	1,537,500
Project Reserve	967,232	-	967,232	NA	
Employee Liabilities:					
OPEB & PERS Obligation	375,000	750,000	1,125,000		
PERS Unfunded (Bond Savings)	(955,346)	955,346	-		
Sick/Vacation	1,112,024	-	1,112,024	1,112,024	1,112,024
Other Employee Liabilities	957,546	-	957,546	NA	
Badillo/Grand Catastrophic Ins.	500,000	-	500,000	500,000	

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
SUBMITTED BY: Director of Finance
DATE: January 16, 2024
SUBJECT: Budget Meeting Schedule

Action/Discussion
 Fiscal Impact
 Resolution
 Information Only

Tentative Date	Item
April 18, 2024 Special Budget Workshop	Review of Budget Process and Methodology Preliminary Review of Budget: Expenses Revenues Capital Projects
May 23, 2024 Special Budget Workshop	Final Review of Budget: Expenses Revenues Capital Projects
June 2024 Board Meeting/Special Workshop	Consideration of Adoption: Final Budget

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
SUBMITTED BY: Director of Finance
DATE: January 16, 2024
SUBJECT: P-W-R Joint Water Line, Puente Basin Water Agency, and Spadra Basin Groundwater Sustainability Agency Audits for Fiscal Year Ending June 30, 2023

Action/Discussion **Fiscal Impact** **Resolution** **Information Only**

Recommendation

That the Board receive and file the attached:

- A. Pomona-Walnut-Rowland Joint Water Line Commission Audit Report for the Year-ended June 30, 2023;
- B. Puente Basin Water Agency Audit Report for the Year-ended June 30, 2023
- C. Spadra Basin Groundwater Sustainability Agency for the Year-ended June 30, 2023

Background Information

The Walnut Valley Water District (District) is a party to the Pomona-Walnut-Rowland Joint Water Line Commission (PWR), Puente Basin Water Agency (PBWA), and Spadra Basin Groundwater Sustainability Agency (Spadra). Because each of these entities is an integral part of the District's operations, and is funded in part and also staffed by the District, the recommendation is that the audit report for these three entities be formally received and filed by the District's Board of Directors. Each report was reviewed and approved by their respective governing bodies:

- PWR approved the audited financial statements on December 7, 2023.
- PBWA approved the audited financial statements on December 7, 2023.
- Spadra approved the audited financial statements on January 2, 2024

Attachments:

- PWR Annual Financial Report for FY 22-23
- PBWA Annual Financial Report for FY 22-23
- SBGSA Annual Financial Report for FY 22-23



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

Annual Financial Report

For the Fiscal Years Ended June 30, 2023 and 2022



Board of Commissioners as of June 30, 2023

<u>Name</u>	<u>Title</u>	<u>Elected/ Appointed</u>
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

**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



C.J. Brown & Company CPAs

An Accountancy Corporation

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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 December 7, 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

C.J. Brown & Company CPAs
Cypress, California
December 7, 2023

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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	<u>20,655,994</u>	<u>17,660,731</u>	<u>(2,995,263)</u>	<u>-14.50%</u>
Expenses:				
Operating expenses (incl. depr.)	21,098,994	17,653,696	(3,445,298)	16.33%
Total expenses	<u>21,098,994</u>	<u>17,653,696</u>	<u>(3,445,298)</u>	<u>16.33%</u>
Net (loss) income before capital contributions	<u>(443,000)</u>	<u>7,035</u>	<u>450,035</u>	<u>101.59%</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>(399,677)</u>	<u>50,358</u>	<u>450,035</u>	<u>112.60%</u>

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			
	2022 Budget	2022 Actual	Dollar Change	Percent Change
Revenues:				
Operating revenues	\$ 20,622,307	21,206,417	584,110	2.83%
Non-operating revenues	12,750	2,118	(10,632)	-83.39%
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	-	13,509	13,509	100.00%
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	43,323	43,323	-	-
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:

	Balance 2022	Additions	Deletions/ Transfers	Balance 2023
Capital assets:				
Depreciable assets	\$ 2,470,480	-	-	2,470,480
Accumulated depreciation	(1,022,929)	(28,180)	-	(1,051,109)
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	\$ <u>1,475,731</u>	<u>(28,180)</u>	<u>-</u>	<u>1,447,551</u>

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	50,358	(399,677)	(450,035)	893.67%
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><u>3,174,288</u></u>	<u><u>2,774,611</u></u>	<u><u>(399,677)</u></u>	<u><u>-12.59%</u></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</u> <u>Actual</u>	<u>2023</u> <u>Budget</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>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.

Basic Financial Statements

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

	2023	2022
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	(18,284,169)	(21,878,222)
Net cash provided by (used in) operating activities	9,012	(78,849)
Cash flows from capital and related financing activities:		
Capital surcharge	43,323	43,323
Net cash provided by capital and related financing activities	43,323	43,323
Cash flows from investing activities:		
Investment income (loss), net of fair value	22,043	(12,959)
Net cash provided by (used in) investing activities	22,043	(12,959)
Net increase (decrease) in cash and cash equivalents	74,378	(48,485)
Cash and cash equivalents – beginning of year	1,655,726	1,704,211
Cash and cash equivalents – end of year	\$ 1,730,104	1,655,726
Reconciliation of cash and cash equivalents to statement of financial position:		
Cash and cash equivalents	\$ 851,246	820,191
Cash and cash equivalents – restricted	878,858	835,535
Total cash and cash equivalents	\$ 1,730,104	1,655,726
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	\$ (24,071)	(20,847)
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	(658,571)	(679,587)
Total adjustments	33,083	(58,002)
Net cash provided by (used in) operating activities	\$ 9,012	(78,849)

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:

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

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

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

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

	2023	2022
Deposits in		
Local Agency Investment Fund (LAIF)	260 days	311 days

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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
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</u> <u>2022</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance</u> <u>2023</u>
Depreciable assets:				
Pipeline and improvements	\$ 2,281,203	-	-	2,281,203
Service connections	85,277	-	-	85,277
Telemetry system	<u>104,000</u>	<u>-</u>	<u>-</u>	<u>104,000</u>
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	<u>(75,193)</u>	<u>(10,400)</u>	<u>-</u>	<u>(85,593)</u>
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</u> <u>2021</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance</u> <u>2022</u>
Depreciable assets:				
Pipeline and improvements	\$ 2,281,203	-	-	2,281,203
Service connections	85,277	-	-	85,277
Telemetry system	<u>104,000</u>	<u>-</u>	<u>-</u>	<u>104,000</u>
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	<u>(64,793)</u>	<u>(10,400)</u>	<u>-</u>	<u>(75,193)</u>
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 December 7, 2023, which is the date the financial statements were available to be issued.

Supplementary Information

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 depreciatio	(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), ne	<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 depreciatio	(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), n	<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	<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

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

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 December 7, 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

C.J. Brown & Company CPAs
Cypress, California
December 7, 2023



Puente Basin Water Agency

Annual Financial Report

For the Fiscal Years Ended June 30, 2023 and 2022

Our Focus

“Achieving a sustainable and reliable local water supply through innovative planning and regionally-beneficial projects”

Puente Basin Water Agency

Board of Commissioners as of June 30, 2023

<u>Name</u>	<u>Title</u>	<u>Member Agency</u>	<u>Elected*/ Appointed</u>
Theresa Lee	Chair	Walnut Valley Water District	Appointed
Robert W. Lewis	Vice-Chair	Rowland Water District	Appointed
Henry Woo	Commissioner	Walnut Valley Water District	Appointed
Anthony J. Lima	Commissioner	Rowland Water District	Appointed

* Members are elected based on member agency decisions.

**Puente Basin Water Agency
Jared Macias, Administrative Officer
271 S. Brea Canyon Road
Walnut, California 91789
(909) 595-1268 – www.puentebasin.com**



Puente Basin Water Agency

Annual Financial Report

For the Fiscal Years Ended June 30, 2023 and 2022

**Puente Basin Water Agency
Annual Financial Report
For the Fiscal Years Ended June 30, 2023 and 2022**

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Financial Section



C.J. Brown & Company CPAs

An Accountancy Corporation

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Christopher J. Brown, CPA, CGMA
Jonathan Abadesco, CPA
Jeffrey Palmer

Independent Auditor's Report

Board of Commissioners
Puente Basin Water Agency
Walnut, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Puente Basin Water Agency (Agency), 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 Agency'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 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 Agency 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023, on our consideration of the Agency'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 Agency'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 Agency's internal control over financial reporting and compliance. This report can be found on pages 30 and 31.

C.J. Brown & Company, CPAs

C.J. Brown & Company CPAs
Cypress, California
December 7, 2023

Puente Basin Water Agency
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 Puente Basin Water Agency (Agency) provides an introduction to the financial statements of the Agency 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

Fiscal Year 2023

- The Agency's net position as of June 30, 2023, was \$44,599,321, an increase of \$3,135,477, or 7.56% from the prior year.
- Operating revenues amounted to \$16,572,518 for the year, a decrease of \$2,604,164 from the prior year.
- Beginning in July 2014, in order to account for the costs and benefits of water produced from the water reliability projects, which are funded jointly by the Walnut Valley Water District (WVWD) and the Rowland Water District (RWD), imported water purchased from Three Valleys Municipal Water District (TVMWD) was invoiced through the Agency. For fiscal year 2023, the total of these pass-through costs were reflected in both the revenues amounting to \$14,949,929 and expenses amounting to \$14,947,869 of the Agency.
- Operating expenses including depreciation for the year totaled \$17,543,703 for the year, these costs include the pass-through water costs from TVMWD.
- The La Habra Heights water reliability project produced no water for the year. Although no water was produced, internal costs of \$2,895, were incurred related to the maintenance and management of the project facilities.
- During the year, the Cal Domestic water reliability project produced 1,390 acre-feet of water. The costs related to the production of water totaled \$1,883,237 for the year. These costs included the use of stored water in the amount of \$778,655, that was purchased and paid for in prior years.
- In 2023, the Agency recorded an additional \$2,063,479 in construction costs related to the Pomona Basin project which is currently being constructed, respectively. These construction costs are reflected in the Agency's construction-in-process account. As of June 30, 2023, the ending balance of the Pomona Basin project totaled \$8,915,744.
- In 2018, the Agency entered a 20-year lease with the City of La Verne for land and a well site, which was recorded as a capital lease. As of June 30, 2023, the value of the lease liability is recorded at the value of the future minimum lease payments in the amount of \$1,623,819.

Fiscal Year 2022

- The Agency's net position as of June 30, 2022, was \$41,463,844, a decrease of \$10,336, or 0.02% from the prior year.
- Operating revenues amounted to \$19,176,682 for the year, an increase of \$656,981 from the prior year.

**Puente Basin Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2023 and 2022**

Financial Highlights, continued

Fiscal Year 2022, continued

- Beginning in July 2014, in order to account for the costs and benefits of water produced from the water reliability projects, which are funded jointly by the Walnut Valley Water District (WVWD) and the Rowland Water District (RWD), imported water purchased from Three Valleys Municipal Water District (TVMWD) was invoiced through the Agency. For fiscal year 2022, the total of these pass-through costs were reflected in both the revenues amounting to \$18,324,933 and expenses amounting to \$18,322,873 of the Agency.
- Operating expenses including depreciation for the year totaled \$19,752,966 for the year, these costs include the pass-through water costs from TVMWD.
- The La Habra Heights water reliability project produced no water for the year. Although no water was produced, internal costs of \$9,989, were incurred related to the maintenance and management of the project facilities.
- During the year, the Cal Domestic water reliability project produced 595 acre-feet of water. The costs related to the production of water totaled \$915,016 for the year. These costs included the use of stored water in the amount of \$332,909, that was purchased and paid for in prior years.
- In 2022, the Agency recorded an additional \$153,676 and \$918,758 in construction costs related to the Pathfinder Intertie and Pomona Basin projects respectively, which were completed and are currently being constructed, respectively. These construction costs are reflected in the Agency's construction-in-process account. As of June 30, 2022, the Pathfinder Intertie project was completed and capitalized. As of June 30, 2022, the ending balance of the Pomona Basin project totaled \$6,852,265.
- In 2018, the Agency entered a 20-year lease with the City of La Verne for land and a well site, which was recorded as a capital lease. As of June 30, 2022, the value of the lease liability is recorded at the value of the future minimum lease payments in the amount of \$1,670,026.

Required Financial Statements

The financial statements report information about the Agency using accounting methods similar to those used by private sector companies. The financial statements, comprised of the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows, offer short-term and long-term financial information about the Agency's activities. Each financial statement is identified and defined in this section and analyzed in subsequent sections of MD&A.

Statements of Net Position

The Statements of Net Position present the Agency's financial position (assets, deferred outflows of resources, liabilities, and deferred inflows of resources) as of June 30, 2023 and 2022. The Statements of Net Position include all the Agency's investments in resources (assets) and the obligations to creditors (liabilities). They also provide the basis for evaluating the capital structure of the Agency and assessing the liquidity and financial flexibility of the Agency. As of June 30, 2023 and 2022, assets plus deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$44,599,321 and \$41,463,844, respectively.

**Puente Basin Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2023 and 2022**

Required Financial Statements, continued

Statements of Revenues, Expenses & Changes in Net Position

All 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 Agency's operations and can be used to determine whether the Agency has successfully recovered all of its costs through member assessments and other revenues. Revenues are recognized (recorded) when services are provided, and expenses are recognized when incurred. Operating revenues and expenses are related to the Agency's core activities. The changes in net position for the years ending June 30, 2023 and 2022, were \$3,135,477 and \$10,336, respectively.

Statements of Cash Flows

The final required financial statements are the Statements of Cash Flows. The primary purpose of these statements is to provide information about the Agency's cash receipts and cash payments during the fiscal year. The statements report cash receipts, cash payments, and net changes in cash and cash equivalents resulting from operations, investing, and financing activities and provides answers to such questions as where cash came from, what was cash used for, and what was the change in cash balance during the year.

As of June 30, 2023, cash and cash equivalents totaled \$354,972, a decrease of \$768,066 from the previous fiscal year. As of June 30, 2022, cash and cash equivalents totaled \$1,123,038, a decrease of \$460,448 from the previous fiscal year.

Financial Analysis of the Agency

One of the most important questions to ask about the Agency's finances is, "Whether the Agency, as a whole, is better off or worse off as a result of the year's activities?" The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position report information about the Agency's finances in a way that will help answer that question. Measuring the change in the Agency's *net position*, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources, is one way to measure financial health or financial position. Over time, increases or decreases in the Agency'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, 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 29.

**Puente Basin Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2023 and 2022**

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:					
Cash & investments	\$ 354,972	1,123,038	(768,066)	1,583,486	(460,448)
Accrued interest receivable	2,049	1,292	757	141,188	(139,896)
Accounts receivable	2,591,658	3,855,973	(1,264,315)	5,110,644	(1,254,671)
Grants receivable	278,029	278,029	-	278,029	-
Prepaid expenses	-	-	-	-	-
Water-in-storage inventory	14,977,731	13,127,717	1,850,014	12,980,026	147,691
Installment purchase receivable	-	-	-	30,350,000	(30,350,000)
Capital assets, net	<u>30,643,311</u>	<u>29,009,117</u>	<u>1,634,194</u>	<u>28,351,651</u>	<u>657,466</u>
Total assets	<u>48,847,750</u>	<u>47,395,166</u>	<u>1,452,584</u>	<u>78,795,024</u>	<u>(31,399,858)</u>
Liabilities:					
Accounts payable	2,624,610	4,261,296	(1,636,686)	5,118,399	(857,103)
Unearned revenue	-	-	-	-	-
Accrued interest payable	-	-	-	141,188	(141,188)
Long-term debt	<u>1,623,819</u>	<u>1,670,026</u>	<u>(46,207)</u>	<u>32,061,257</u>	<u>(30,391,231)</u>
Total liabilities	<u>4,248,429</u>	<u>5,931,322</u>	<u>(1,682,893)</u>	<u>37,320,844</u>	<u>(31,389,522)</u>
Net position:					
Net investment in capital assets	29,019,492	27,339,091	1,680,401	26,640,394	698,697
Unrestricted	<u>15,579,829</u>	<u>14,124,753</u>	<u>1,455,076</u>	<u>14,833,786</u>	<u>(709,033)</u>
Total net position	<u>\$ 44,599,321</u>	<u>41,463,844</u>	<u>3,135,477</u>	<u>41,474,180</u>	<u>(10,336)</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As seen from the table above, the Agency's net position exceeded liabilities by \$44,599,321 and \$41,463,844 for the fiscal years ending June 30, 2023 and 2022, respectively.

By far, the largest component of net position is the Agency's net investment in capital assets. As of June 30, 2023 and 2022, net investment in capital assets increased by \$1,680,401 and \$698,697, from the prior year, respectively. These increases were due primarily to the recognition of capital costs, attributable to the water supply reliability projects. As of June 30, 2023 and 2022, the balance in construction-in-process amounted to \$8,915,744 and \$6,852,265, respectively.

In 2013, the Agency issued \$19,385,000 of 2012 Series A Water Revenue Bonds related to capital facilities of RWD. In addition, the Agency issued \$17,300,000 related to capital facilities of WVWD. In accordance with the separate installment purchase agreements, each District is obligated to pay the interest and principal payments related to the bonds. To account for the debt and installment purchase agreement, a liability and corresponding asset was recorded. As of June 30, 2023 and 2022, the balance of the installment purchase receivable and related liability was \$0, respectively. In fiscal year 2022, RWD and WVWD refinanced (defeased) the 2012 and 2013 Series A Water Revenue Bonds, respectively, for the purpose of taking advantage of reduced interest rates. As part of the refinance, the refinanced bonds were issued in the name of each District. As a result, the Agency removed the bond debt, installment receivable, and related interest amounts. The 2012 and 2013 Series A Water Revenue Bond refinance (defeasance) is reported in the fiscal year ending June 30, 2022 financial statements of Walnut Valley Water District and Rowland Water District, respectively.

Puente Basin Water Agency
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

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>
Operating revenues:					
Sale of water (TVMWD)	\$ 14,949,929	18,324,933	(3,375,004)	17,211,751	1,113,182
Sale of water (Project)	1,224,669	583,439	641,230	967,896	(384,457)
Member assessments	250,628	173,810	76,818	155,668	18,142
Other revenue	147,292	94,500	52,792	184,386	(89,886)
Total operating revenues	<u>16,572,518</u>	<u>19,176,682</u>	<u>(2,604,164)</u>	<u>18,519,701</u>	<u>656,981</u>
Non-operating revenues:					
Investment income, net of fair market value	10,588	-	10,588	1,386,381	(1,386,381)
Total non-operating revenues	<u>10,588</u>	<u>-</u>	<u>10,588</u>	<u>1,386,381</u>	<u>(1,386,381)</u>
Total revenues	<u>16,583,106</u>	<u>19,176,682</u>	<u>(2,593,576)</u>	<u>19,906,082</u>	<u>(729,400)</u>
Operating expenses:					
Water supply (TVMWD)	14,947,869	18,322,873	(3,375,004)	17,209,691	1,113,182
Water supply (Project)	1,887,194	807,255	1,079,939	1,435,346	(628,091)
Engineering	1,200	1,200	-	1,460	(260)
Professional services	187,962	122,600	65,362	114,918	7,682
Legal	6,873	5,553	1,320	21,667	(16,114)
Administrative	75,058	69,280	5,778	54,858	14,422
Accounting	8,262	9,237	(975)	7,735	1,502
Depreciation and amortization	429,285	414,968	14,317	414,968	-
Total operating expenses	<u>17,543,703</u>	<u>19,752,966</u>	<u>(2,209,263)</u>	<u>19,260,643</u>	<u>492,323</u>
Non-operating expenses:					
Investment expense, net of fair market value	-	3,440	(3,440)	-	3,440
Interest expense	62,973	64,859	(1,886)	1,457,960	(1,393,101)
Total non-operating expenses	<u>62,973</u>	<u>68,299</u>	<u>(5,326)</u>	<u>1,457,960</u>	<u>(1,389,661)</u>
Total expenses	<u>17,606,676</u>	<u>19,821,265</u>	<u>(2,214,589)</u>	<u>20,718,603</u>	<u>(897,338)</u>
Net loss before capital contributions	<u>(1,023,570)</u>	<u>(644,583)</u>	<u>(378,987)</u>	<u>(812,521)</u>	<u>167,938</u>
Capital contributions	<u>4,159,047</u>	<u>634,247</u>	<u>3,524,800</u>	<u>8,325,451</u>	<u>(7,691,204)</u>
Changes in net position	<u>3,135,477</u>	<u>(10,336)</u>	<u>3,145,813</u>	<u>7,512,930</u>	<u>(7,523,266)</u>
Net position, beginning of year	<u>41,463,844</u>	<u>41,474,180</u>	<u>(10,336)</u>	<u>33,961,250</u>	<u>7,512,930</u>
Net position, end of year	<u>\$ 44,599,321</u>	<u>41,463,844</u>	<u>3,135,477</u>	<u>41,474,180</u>	<u>(10,336)</u>

**Puente Basin Water Agency
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

Fiscal Year 2023 – Revenues and Expenses

For fiscal year 2023, the Agency had total operating revenues of \$16,572,518, a decrease of \$2,604,164 from the prior year. The largest source of revenue for the year is member payments for water purchased from TVMWD. Beginning in 2014, water purchased by the WVWD and RWD from TVMWD is invoiced through the Agency. For the year, revenues collected for water purchased from TVMWD totaled \$14,949,929, a decrease of \$3,375,004 from the prior year. In addition, the Cal Domestic project produced 1,390 acre-feet of water during the year. The total costs related to the production of this water source totaled \$1,883,237, an increase of \$968,221 from prior year. Member assessments vary from year to year and represent payments received from the Districts to cover the other general and administrative costs incurred by the Agency. For the year, member assessments totaled \$250,628, an increase of \$76,818 over the prior year.

For fiscal year 2023, the Agency had total operating expenses of \$17,543,703, a decrease of \$2,209,263 from the prior year. As discussed above, the most significant costs were attributable to the purchase and production of water, which totaled \$16,835,063 for the year, a decrease of \$2,295,065 from the prior year.

Capital contributions for the year totaled \$4,159,047, an increase of \$3,524,800 from the prior year, which was primarily due to increases of \$2,148,069 in contributions sourcing from stored water from member agencies, \$1,376,731 in capital contributions from member agency assessments. Capital contributions included the money paid by each member agency and grant revenue for alternative water supply projects.

Fiscal Year 2022 – Revenues and Expenses

For fiscal year 2022, the Agency had total operating revenues of \$19,176,682, an increase of \$656,981 from the prior year. The largest source of revenue for the year is member payments for water purchased from TVMWD. Beginning in 2014, water purchased by the WVWD and RWD from TVMWD is invoiced through the Agency. For the year, revenues collected for water purchased from TVMWD totaled \$18,324,933, an increase of \$1,113,182 from the prior year. In addition, the Cal Domestic project produced 595 acre-feet of water during the year. The total costs related to the production of this water source totaled \$915,016, a decrease of \$517,666 from prior year. Member assessments vary from year to year and represent payments received from the Districts to cover the other general and administrative costs incurred by the Agency. For the year, member assessments totaled \$173,810, an increase of \$18,142 over the prior year.

For fiscal year 2022, the Agency had total operating expenses of \$19,752,966, an increase of \$492,323 from the prior year. As discussed above, the most significant costs were attributable to the purchase and production of water, which totaled \$19,130,128 for the year, an increase of \$485,091 from the prior year.

Capital contributions for the year totaled \$634,247, a decrease of \$7,691,204 from the prior year, which was primarily due to decreases of \$7,137,160 in contributions sourcing from stored water from member agencies, \$554,044 in capital contributions from member agency assessments, which were offset by a decrease of \$650,954 in state capital contributions. Capital contributions included the money paid by each member agency and grant revenue for alternative water supply projects.

**Puente Basin Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2023 and 2022**

Capital Asset Administration

Changes in capital assets for 2023, were as follows:

	<u>Balance 2022</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2023</u>
Capital assets:				
Non-depreciable assets	\$ 17,255,219	2,063,479	-	19,318,698
Depreciable and amortizable assets	13,854,616	-	-	13,854,616
Accumulated depreciation and amortization	<u>(2,100,718)</u>	<u>(429,285)</u>	-	<u>(2,530,003)</u>
Total capital assets, net	<u>\$ 29,009,117</u>	<u>1,634,194</u>	<u>-</u>	<u>30,643,311</u>

Changes in capital assets for 2022, were as follows:

	<u>Balance 2021</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2022</u>
Capital assets:				
Non-depreciable assets	\$ 17,041,791	1,072,434	(859,006)	17,255,219
Depreciable and amortizable assets	12,995,610	859,006	-	13,854,616
Accumulated depreciation and amortization	<u>(1,685,750)</u>	<u>(414,968)</u>	-	<u>(2,100,718)</u>
Total capital assets, net	<u>\$ 28,351,651</u>	<u>1,516,472</u>	<u>(859,006)</u>	<u>29,009,117</u>

As of June 30, 2023 and 2022, the Agency had invested \$30,643,311 and \$29,009,117 in capital assets, a net increase from asset additions and deletions of \$1,634,194 and \$657,466 from the prior fiscal year, respectively. These assets were comprised of construction-in-process capital assets related to several alternative water supply projects.

Debt Administration

	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>2020</u>	<u>Change</u>
Long-term debt:					
2012 Series A Water Revenue Bonds (RWD Project)	\$ -	-	-	16,460,000	(16,460,000)
2013 Series A Water Revenue Bonds (WVWD Project)	-	-	-	13,890,000	(13,890,000)
Capital lease payable	<u>1,623,819</u>	<u>1,670,026</u>	<u>(46,207)</u>	<u>1,711,257</u>	<u>(41,231)</u>
Total	<u>\$ 1,623,819</u>	<u>1,670,026</u>	<u>(46,207)</u>	<u>32,061,257</u>	<u>(30,391,231)</u>

As of June 30, 2023, the Agency's long-term debt amounted to \$1,623,819, a decrease from lease payments of \$46,207 from the prior fiscal year.

As of June 30, 2022, the Agency's long-term debt amounted to \$1,670,026, a decrease from debt defeasance and lease payments of \$30,391,231 from the prior fiscal year.

**Puente Basin Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2023 and 2022**

Conditions Affecting Current Financial Position

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

Requests for Information

This financial report is designed to provide the Agency's present users, including funding sources, customers, stakeholders, and other interested parties with a general overview of the Agency's finances and to demonstrate the Agency's accountability with an overview of the Agency'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 the Agency's Treasurer, Myra Malner, 3021 Fullerton Road, Rowland Heights, California, 91748 or (562) 697-1726.

Basic Financial Statements

Puente Basin Water Agency
Statements of Net Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents (note 2)	\$ 354,972	1,123,038
Accrued interest receivable	2,049	1,292
Accounts receivable	2,591,658	3,855,973
Grants receivable	278,029	278,029
Water-in-storage inventory	<u>14,977,731</u>	<u>13,127,717</u>
Total current assets	<u>18,204,439</u>	<u>18,386,049</u>
Non-current assets:		
Capital assets – not being depreciated and amortized (note 4)	19,318,698	17,255,219
Capital assets – being depreciated and amortized, net (note 4)	<u>11,324,613</u>	<u>11,753,898</u>
Total non-current assets	<u>30,643,311</u>	<u>29,009,117</u>
Total assets	<u>48,847,750</u>	<u>47,395,166</u>
Current liabilities:		
Accounts payable and accrued expenses	2,624,610	4,261,296
Long-term liabilities – due in one year:		
Capital lease payable (note 5)	<u>51,484</u>	<u>46,207</u>
Total current liabilities	<u>2,676,094</u>	<u>4,307,503</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Capital lease payable (note 5)	<u>1,572,335</u>	<u>1,623,819</u>
Total non-current liabilities	<u>1,572,335</u>	<u>1,623,819</u>
Total liabilities	<u>4,248,429</u>	<u>5,931,322</u>
Net position: (note 6)		
Net investment in capital assets	29,019,492	27,339,091
Unrestricted	<u>15,579,829</u>	<u>14,124,753</u>
Total net position	<u>\$ 44,599,321</u>	<u>41,463,844</u>

See accompanying notes to the basic financial statements

Puente Basin Water Agency
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2023 and 2022

	2023	2022
Operating revenues:		
Sale of water to member agencies – TVMWD	\$ 14,949,929	18,324,933
Sale of water to member agencies – Project	1,224,669	583,439
Member assessments	250,628	173,810
Water leases	120,625	62,500
Other water service charges	26,667	32,000
Total operating revenues	16,572,518	19,176,682
Operating expenses:		
Water supply – TVMWD	14,947,869	18,322,873
Water supply – Project	1,887,194	807,255
Engineering	1,200	1,200
Professional services	187,962	122,600
Legal	6,873	5,553
Administrative	75,058	69,280
Accounting	8,262	9,237
Total operating expenses	17,114,418	19,337,998
Operating loss before depreciation and amortization expense	(541,900)	(161,316)
Depreciation and amortization expense	(429,285)	(414,968)
Operating loss	(971,185)	(576,284)
Non-operating revenue(expense):		
Investment (expense) income, net of fair market value	10,588	(3,440)
Interest expense – long-term debt	(62,973)	(64,859)
Total non-operating revenue(expense), net	(52,385)	(68,299)
Net loss before capital contributions	(1,023,570)	(644,583)
Capital contributions:		
Capital contributions – member agency assessments	1,530,378	153,647
Contributions – stored water purchases from member agencies	2,628,669	480,600
Total capital contributions	4,159,047	634,247
Changes in net position	3,135,477	(10,336)
Net position, beginning of the year	41,463,844	41,474,180
Net position, end of year	\$ 44,599,321	41,463,844

See accompanying notes to the basic financial statements

Puente Basin Water Agency
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Cash received for water sales and assessments	\$ 17,836,833	20,431,353
Cash paid to vendors and suppliers for materials and services	(20,601,118)	(20,342,792)
Net cash (used in) provided by operating activities	(2,764,285)	88,561
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(2,063,479)	(1,072,434)
Capital contributions	4,159,047	634,247
Payments received for loans receivable	-	30,350,000
Principal paid on debt service	(46,207)	(30,391,231)
Interest paid on debt	(62,973)	(206,047)
Net cash provided by (used in) capital and related financing activities	1,986,388	(685,465)
Cash flows from investing activities:		
Interest and investment earnings	9,831	136,456
Net cash provided by investing activities	9,831	136,456
Net decrease in cash and cash equivalents	(768,066)	(460,448)
Cash and cash equivalents, beginning of year	1,123,038	1,583,486
Cash and cash equivalents, end of year	\$ 354,972	1,123,038
Reconciliation of operating loss to net cash (used in) provided by operating activities:		
Operating loss	\$ (971,185)	(576,284)
Adjustments to reconcile operating loss to net cash (used in) provided by operating activities:		
Depreciation and amortization expense	429,285	414,968
(Increase)Decrease in assets:		
Accounts receivable	1,264,315	1,254,671
Grants receivable	-	-
Inventory – water	(1,850,014)	(147,691)
Increase in liabilities:		
Accounts payable and accrued expenses	(1,636,686)	(857,103)
Total adjustments	(1,793,100)	664,845
Net cash (used in) provided by operating activities	\$ (2,764,285)	88,561

See accompanying notes to the basic financial statements

Puente Basin Water Agency
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 Puente Basin Water Agency (the Agency) was created April 1, 1971, by the execution of a Joint Powers Agreement between Rowland Water District (RWD) and Walnut Valley Water District (WVWD). The Agreement was made pursuant to Article 1, Chapter 5, Division 7, Title 1 of the Government Code of the State of California. The Agency's purpose is to achieve a sustainable and reliable local water supply through innovative planning and the development of regionally beneficial projects. The Agency was organized for the purpose of protection and utilization of the local, imported, and reclaimed water supply within the Puente Basin. The Agency is governed by an appointed Board of Commissioners consisting of four members.

B. Basis of Accounting and Measurement Focus

The Agency 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 Agency 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 Agency. 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.

C. Financial Reporting

The Agency'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 Agency solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the Agency's proprietary fund.

The Agency 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.

Puente Basin Water Agency
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. 91, continued

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.

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.

Puente Basin Water Agency
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, continued

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

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

Governmental Accounting Standards Board Statement No. 96

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

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

Governmental Accounting Standards Board Statement No. 97

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

Puente Basin Water Agency
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, continued

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

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

3. Investments and Investment Policy

The Agency's investment policy authorizes investments in certificates-of-deposit and the California Local Agency Investment Fund (LAIF). The Agency'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. Accounts Receivable and Allowance for Uncollectible Accounts

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

Puente Basin Water Agency
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

5. Water-In-Storage Inventory

Water-in-storage inventory consists primarily of water purchased, contributed, and held in storage with the Main San Gabriel Basin Watermaster, which administers the Main San Gabriel Basin Judgment under which such storage is authorized.

In 2023, the Agency received 600 acre-feet of water from Rowland Water District and Walnut Valley Water District and is held in storage with the Main San Gabriel Basin Watermaster. In addition, the Agency received 2,400 acre-feet from Rowland Water District and Walnut Valley Water District and is held in storage with the Six Basins Watermaster. As of June 30, 2023, the Agency received 600 acre-feet of water from Rowland Water District and Walnut Valley Water District and is held in storage with the Main San Gabriel Basin Watermaster.

In 2022, the Agency received 600 acre-feet of water from Rowland Water District and Walnut Valley Water District and is held in storage with the Main San Gabriel Basin Watermaster. As of June 30, 2022, the Agency had a total of 21,666 acre-feet of water-in-storage valued using an average cost of \$606 per acre-foot.

6. 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.

7. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. Agency 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:

- Water mains – 60 years
- Pipelines and improvements – 20 years

Leased right-to-use assets are amortized on a straight-line basis over the life of the lease.

8. Unearned Revenue

Unearned revenue consists of cash received prior to services being performed. A liability will be recognized on the financial statements until the services are rendered and completed.

Puente Basin Water Agency
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

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 Agency by member agencies and by the State.

12. Budgetary Policies

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

(2) Cash and Cash Equivalents

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

	2023	2022
Cash and investments		
Deposits with financial institutions	\$ 97,918	440,814
Deposits in Local Agency		
Investment Fund (LAIF)	257,054	682,224
Total cash and investments	\$ 354,972	1,123,038

As of June 30, the Agency’s authorized deposits had the following maturities:

	2023	2022
Deposits in Local Agency		
Inv Investment Fund (LAIF)	260 days	311 days

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2023 and 2022

(2) Cash and Cash Equivalents, continued

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
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	
Commercial Paper – Non-Pooled Funds	270 days	Agency's money	10%
Repurchase agreements	1 year	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Investment in State Investment Pool

The Agency 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 Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency'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 Agency'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.

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).

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2023 and 2022

(2) Cash and Cash Equivalents, continued

Custodial Credit Risk, continued

The California Government Code and the Agency'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 Agency 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 Agency's name.

Interest Rate Risk

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

Credit Risk

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 Agency'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. As of June 30, 2023 and 2022, the Agency's deposit portfolio with a government-sponsored agency, LAIF, is 72% and 61%, respectively, of the Agency's total depository and investment portfolio. There were no investments in any one non-governmental issuer that represent 5% or more of the Agency's total investments.

(3) Installment Purchase Receivable

The Agency entered into an Installment Purchase Contracts with Rowland Water District (RWD) and Walnut Valley Water District (WVWD) related to the issuing of Bonds. RWD and WVWD received the proceeds of the Bonds and are required to make semi-annual installment purchase payments that are equal in amount and timing to the principal and interest payments that are paid on a semi-annual basis by the Agency to the holders of the Bonds.

In fiscal year 2022, RWD and WVWD refinanced (defeased) the 2012 and 2013 Series A Water Revenue Bonds, respectively, for the purpose of taking advantage of reduced interest rates. As part of the refinance, the refinanced bonds were issued in the name of each District. As a result, the Agency removed the bond debt, installment receivable, and related interest amounts. The 2012 and 2013 Series A Water Revenue Bond refinance (defeasance) are reported in the fiscal year ending June 30, 2022 financial statements of Walnut Valley Water District and Rowland Water District, respectively. Please also see note 5 for further detail.

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2023 and 2022

(4) Capital Assets

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

	<u>Balance 2022</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2023</u>
Non-depreciable assets:				
Water rights	\$ 10,402,954	-	-	10,402,954
Construction-in-Process	<u>6,852,265</u>	<u>2,063,479</u>	<u>-</u>	<u>8,915,744</u>
Total non-depreciable assets	<u>17,255,219</u>	<u>2,063,479</u>	<u>-</u>	<u>19,318,698</u>
Depreciable and amortizable assets:				
Old Baldy well – facility lease	1,841,213	-	-	1,841,213
Pumping plant and equipment	<u>12,013,403</u>	<u>-</u>	<u>-</u>	<u>12,013,403</u>
Total depreciable and amortizable assets	<u>13,854,616</u>	<u>-</u>	<u>-</u>	<u>13,854,616</u>
Accumulated depreciation and amortization:				
Old Baldy well – facility lease	(382,971)	(88,378)	-	(471,349)
Pumping plant and equipment	<u>(1,717,747)</u>	<u>(340,907)</u>	<u>-</u>	<u>(2,058,654)</u>
Total accumulated depreciation and amortization	<u>(2,100,718)</u>	<u>(429,285)</u>	<u>-</u>	<u>(2,530,003)</u>
Total depreciable and amortizable assets, net	<u>11,753,898</u>	<u>(429,285)</u>	<u>-</u>	<u>11,324,613</u>
Total capital assets, net	<u>\$ 29,009,117</u>	<u>1,634,194</u>	<u>-</u>	<u>30,643,311</u>

For the fiscal year ending June 30, 2023, the Agency had additions of \$2,063,479 in construction-in-process.

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2023 and 2022

(4) Capital Assets, continued

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

	<u>Balance 2021</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2022</u>
Non-depreciable assets:				
Water rights	\$ 10,402,954	-	-	10,402,954
Construction-in-process	<u>6,638,837</u>	<u>1,072,434</u>	<u>(859,006)</u>	<u>6,852,265</u>
Total non-depreciable assets	<u>17,041,791</u>	<u>1,072,434</u>	<u>(859,006)</u>	<u>17,255,219</u>
Depreciable and amortizable assets:				
Old Baldy well – facility lease	1,841,213	-	-	1,841,213
Pumping plant and equipment	<u>11,154,397</u>	<u>859,006</u>	<u>-</u>	<u>12,013,403</u>
Total depreciable and amortizable assets	<u>12,995,610</u>	<u>859,006</u>	<u>-</u>	<u>13,854,616</u>
Accumulated depreciation and amortization:				
Old Baldy well – facility lease	(294,593)	(88,378)	-	(382,971)
Pumping plant and equipment	<u>(1,391,157)</u>	<u>(326,590)</u>	<u>-</u>	<u>(1,717,747)</u>
Total accumulated depreciation and amortization	<u>(1,685,750)</u>	<u>(414,968)</u>	<u>-</u>	<u>(2,100,718)</u>
Total depreciable and amortizable assets, net	<u>11,309,860</u>	<u>444,038</u>	<u>-</u>	<u>11,753,898</u>
Total capital assets, net	<u>\$ 28,351,651</u>	<u>1,516,472</u>	<u>(859,006)</u>	<u>29,009,117</u>

For the fiscal year ending June 30, 2022, the Agency had additions of \$1,072,434 and deletions of \$859,006 in construction-in-process.

Construction-in-Process

The Agency has been involved in various construction projects throughout the year. The projects that comprise the construction-in-process balances at June 30 are as follows:

	<u>2023</u>	<u>2022</u>
Six Basins Groundwater Project	\$ <u>8,915,744</u>	<u>6,852,265</u>
Total construction-in-process	<u>\$ 8,915,744</u>	<u>6,852,265</u>

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2023 and 2022

(5) Long-Term Debt

Changes in long-term debt for the year ended June 30, 2023, are as follows:

	<u>Balance 2022</u>	<u>Additions/ Deletions</u>	<u>Principal Payments</u>	<u>Balance 2023</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
Capital lease payable	\$ 1,670,026	-	(46,207)	1,623,819	51,484	1,572,335
Total	<u>1,670,026</u>	<u>-</u>	<u>(46,207)</u>	<u>1,623,819</u>	<u>51,484</u>	<u>1,572,335</u>
Current portion	<u>(46,207)</u>			<u>(51,484)</u>		
Non-current portion	<u>\$ 1,623,819</u>			<u>1,572,335</u>		

Changes in long-term debt for the year ended June 30, 2022, are as follows:

	<u>Balance 2021</u>	<u>Additions/ Deletions</u>	<u>Principal Payments</u>	<u>Balance 2022</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
Bonds payable:						
2012 Series A Water Revenue Bonds:						
Rowland Water District	\$ 16,460,000	-	(16,460,000)	-	-	-
2013 Series A Water Revenue Bonds:						
West Valley Water District	<u>13,890,000</u>	<u>-</u>	<u>(13,890,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total bonds payable	30,350,000	-	(30,350,000)	-	-	-
Capital lease payable	<u>1,711,257</u>	<u>-</u>	<u>(41,231)</u>	<u>1,670,026</u>	<u>46,207</u>	<u>1,623,819</u>
Total	<u>32,061,257</u>	<u>-</u>	<u>(30,391,231)</u>	<u>1,670,026</u>	<u>46,207</u>	<u>1,623,819</u>
Current portion	<u>(1,071,231)</u>			<u>(46,207)</u>		
Non-current portion	<u>\$ 30,990,026</u>			<u>1,623,819</u>		

2012 Series A Water Revenue Bonds – Rowland Water District

On November 1, 2012, the Agency issued \$19,835,000 of 2012 Series A Water Revenue Bonds. The Bonds will be used to finance certain capital facilities of RWD, a member agency. RWD is obligated under terms of the Installment Purchase Contract associated with the Bonds, to make semiannual installment purchase payments that are equal in amount and timing to the principal and interest payments that are paid on a semiannual basis by the Agency to the holders of the Bonds. The Bonds were issued at a premium of \$1,570,182, which is being recorded and amortized over the life of the debt service by RWD, since RWD received the proceeds and premium. Interest and principal are payable on December 1st and June 1st of each year beginning June 1, 2013, with interest rates ranging from 1% to 5%. The Bonds are scheduled to mature on December 1, 2042. The rate covenants of the Bonds require that net revenues of RWD for each fiscal year be equal to at least 110% of the annual debt service payments required for that fiscal year.

In fiscal year 2022, RWD and WVWD refinanced (defeased) the 2012 and 2013 Series A Water Revenue Bonds, respectively, for the purpose of taking advantage of reduced interest rates. As part of the refinance, the refinanced bonds were issued in the name of each District. As a result, the Agency removed the bond debt, installment receivable, and related interest amounts. The 2012 and 2013 Series A Water Revenue Bond refinance (defeasance) is reported in the fiscal year ending June 30, 2022 financial statements of Walnut Valley Water District and Rowland Water District, respectively.

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2023 and 2022

(5) Long-Term Debt, continued

2013 Series A Water Revenue Bonds – Walnut Valley Water District

On March 1, 2013, the Agency issued \$17,300,000 of 2013 Series A Water Revenue Bonds. The Bonds will be used to finance certain capital facilities of WVWD, a member agency. WVWD is obligated under terms of the Installment Purchase Contract associated with the Bonds, to make semiannual installment purchase payments that are equal in amount and timing to the principal and interest payments that are paid on a semiannual basis by the Agency to the holders of the Bonds. The Bonds were issued at a premium of \$2,695,738, which is being recorded and amortized over the life of the debt service by WVWD, since WVWD received the proceeds and premium. Interest is payable on June 1st and December 1st of each year beginning December 1, 2013, with interest rates ranging from 1% to 5%. Principal is due December 1st each year beginning December 1, 2013. The Bonds are scheduled to mature on December 1, 2037. The rate covenants of the Bonds require that net revenues of WVWD for each fiscal year be equal to at least 125% of the annual debt service payments required for that fiscal year.

In fiscal year 2022, RWD and WVWD refinanced (defeased) the 2012 and 2013 Series A Water Revenue Bonds, respectively, for the purpose of taking advantage of reduced interest rates. As part of the refinance, the refinanced bonds were issued in the name of each District. As a result, the Agency removed the bond debt, installment receivable, and related interest amounts. The 2012 and 2013 Series A Water Revenue Bond refinance (defeasance) is reported in the fiscal year ending June 30, 2022 financial statements of Walnut Valley Water District and Rowland Water District, respectively.

Lease Payable

On January 24, 2018, the Agency entered into a lease agreement for the use of a well. This lease has been recorded at the value of the future minimum lease payments as of the inception date in the amount of \$1,841,213. The lease is payable in semi-annual payments of \$50,000, adjusted every July 1 for the Consumer Price Index for All Urban Consumers for the Los Angeles-Riverside-Orange County, California Area published by the Bureau of Labor Statistics for the preceding year, through July 31, 2038, at an annual interest rate of 4%.

Future annual lease payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 51,484	64,443	115,927
2025	57,076	62,329	119,405
2026	63,001	59,986	122,987
2027	69,273	57,404	126,677
2028	75,909	54,568	130,477
2029-2033	493,197	220,306	713,503
2034-2038	725,350	101,796	827,146
2039-2041	88,529	1,778	90,307
Total	1,623,819	622,610	2,246,429
Current	(51,484)		
Non-current	\$ 1,572,335		

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2023 and 2022

(6) Net Position

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

	2023	2022
Net investment in capital assets:		
Capital assets, net	\$ 30,643,311	29,009,117
Capital lease, current	(51,484)	(46,207)
Capital lease, non-current	(1,572,335)	(1,623,819)
Total investment in capital assets	29,019,492	27,339,091
Unrestricted net position	15,579,829	14,124,753
Total net position	\$ 44,599,321	41,463,844

(7) Risk Management

The Agency is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency 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 Agency participated in the ACWA/JPIA pooled programs for liability, property, programs as follows:

- General and auto liability, public officials and employees’ errors and omissions: The ACWA/JPIAs total risk financing self-insurance limits of \$5,000,000 per occurrence. The ACWA/JPIA purchased additional excess coverage layers: \$55 million for general, auto and public officials’ liability, which increases the limits on the insurance coverage noted above.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of \$500 million per loss, subject to the following deductibles per occurrence; \$2,500 deductible for buildings, fixed equipment, and personal property; \$1,000 deductible for mobile equipment and \$500 for vehicles.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to various deductibles depending on the type of equipment, on file.
- Crime coverage up to \$100,000 per loss includes public employee dishonesty, depositor’s forgery or alteration, theft, computer, and funds transfer fraud coverages. subject to \$1,000 deductible per loss.

In addition, the Agency also has the following insurance coverage:

- Cyber liability including cyber security up to \$2,000,000 per member and \$5,000,000 aggregate limit. Cyber liability deductible varies from \$10,000 to \$50,000 depending on Agency scheduled total values.

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 Agency’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

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2023 and 2022

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.

(8) 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 have 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.

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2023 and 2022

(8) 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.

(9) Commitments and Contingencies

Grant Awards

Grant funds received by the Agency are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the Agency believes that such disallowances, if any, would not be significant.

Construction Contracts

The Agency has a variety of agreements with private parties relating to the installation, improvement or modification of water and wastewater facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from the Agency's member capital contributions.

Litigation

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

(10) Subsequent Events

Events occurring after June 30, 2023, have been evaluated for possible adjustment to the financial statements or disclosure as of December 7, 2023, which is the date the financial statements were available to be issued.

Report on Internal Controls and Compliance



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Christopher J. Brown, CPA, CGMA
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Jeffrey Palmer

**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
Puente Basin Water Agency
Walnut, 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 Puente Basin Water Agency (Agency) 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 Agency's basic financial statements, and have issued our report thereon dated December 7, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency'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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C.J. Brown & Company, CPAs

C.J. Brown & Company CPAs

Cypress, California

December 7, 2023



Spadra Basin Groundwater Sustainability Agency
Walnut, California

Annual Financial Report

For the Fiscal Years Ended June 30, 2023 and 2022

Working Draft Subject to Review

Our Mission Statement

"To manage and protect groundwater resources in the Spadra Basin and promote its beneficial uses for the people, businesses and stakeholders it serves."

Spadra Basin Groundwater Sustainability Agency

Executive Committee Members as of June 30, 2023

<u>Name</u>	<u>Title</u>	<u>Stakeholder</u>
John Nolte	Committee Member	City of Pomona
Jerry Tang	Committee Member	Walnut Valley Water District
Victor Preciado	Alternate	City of Pomona
Teresa Lee	Alternate	Walnut Valley Water District

Spadra Basin Groundwater Sustainability Agency

Josh Byerrum, Treasurer
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**Spadra Basin Groundwater Sustainability Agency
Annual Financial Report
For the Fiscal Years Ended June 30, 2023 and 2022**

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Working Draft Subject to Review

Financial Section

Working Draft Subject to Review

Working Draft Subject to Review

Independent Auditor's Report

Executive Committee
Spadra Basin Groundwater Sustainability Agency
Walnut, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Spadra Basin Groundwater Sustainability Agency (Agency), 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 Agency'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. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Agency'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 Agency'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 Agency'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.

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 7 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.

Independent Auditor's Report, continued

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2024, on our consideration of the Agency'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 Agency'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 Agency's internal control over financial reporting and compliance. This report can be found on pages 20 and 21.

C.J. Brown & Company CPAs
Cypress, California
January 2, 2024

Working Draft Subject to Review

Spadra Basin Groundwater Sustainability Agency
Management's Discussion and Analysis, continued
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 Spadra Basin Groundwater Sustainability Agency (Agency) provides an introduction to the financial statements of the Agency for the fiscal year ended June 30, 2023 and 2022. We encourage readers to consider the information presented here with the accompanying basic financial statements and related notes, which follow this section.

Financial Highlights

- In 2023, the Agency's net position increased by \$730,991 to \$980,011. In 2022, the Agency's net position increased by \$119,569 to \$249,020.
- In 2023, the Agency's operating revenues increased by \$95,431 to \$341,519. In 2022, the Agency's operating revenues increased by \$67,728 to \$246,088.
- In 2023, the Agency's operating expenses decreased by \$136,569 to \$109,519. In 2022, the Agency's operating expenses increased by \$67,728 to \$246,088.
- In 2023, the Agency's non-operating revenue decreased by \$25,089 to \$94,480. In 2022, the Agency's non-operating revenue increased by \$14,859 to \$119,569.
- In 2023, the Agency's depreciation expense increased by \$13,949 to \$13,949. In 2022, the Agency had no reportable non-operating expenses.
- In 2023, the Agency's capital contributions increased by \$418,460 to \$418,460. In 2022, the Agency had no reportable capital contributions.

Using This Financial Report

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 Agency using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of the Agency's investments in resources (assets), deferred outflows of resources, obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the Agency and assessing the liquidity and financial flexibility of the Agency. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Agency's operations over the past year and can be used to determine if the Agency has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and creditworthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the Agency's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the Agency

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

Spadra Basin Groundwater Sustainability Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2023 and 2022

Financial Analysis of the Agency, continued

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 11 through 19.

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	\$ 584,228	261,770	322,458	144,808	116,962
Capital assets, net	404,511	-	404,511	-	-
Total assets	<u>988,739</u>	<u>261,770</u>	<u>726,969</u>	<u>144,808</u>	<u>116,962</u>
Liabilities:					
Current liabilities	8,728	12,750	(4,022)	15,357	(2,607)
Total liabilities	<u>8,728</u>	<u>12,750</u>	<u>(4,022)</u>	<u>15,357</u>	<u>(2,607)</u>
Net position:					
Net investment in capital assets	404,511	-	404,511	-	-
Unrestricted	575,500	249,020	326,480	129,451	119,569
Total net position	<u>\$ 980,011</u>	<u>249,020</u>	<u>730,991</u>	<u>129,451</u>	<u>119,569</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 Agency, assets of the Agency exceeded liabilities by \$980,011 and \$249,020 as of June 30, 2023 and 2022, respectively.

Spadra Basin Groundwater Sustainability Agency
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

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	\$ 341,519	246,088	95,431	178,360	67,728
Non-operating revenues	94,480	119,569	(25,089)	104,710	14,859
Total Revenues	<u>435,999</u>	<u>365,657</u>	<u>70,342</u>	<u>283,070</u>	<u>82,587</u>
Expenses:					
Operating expenses	109,519	246,088	(136,569)	178,360	67,728
Depreciation expense	13,949	-	13,949	-	-
Total Expenses	<u>123,468</u>	<u>246,088</u>	<u>(122,620)</u>	<u>178,360</u>	<u>67,728</u>
Net income before capital contributions	312,531	119,569	192,962	104,710	14,859
Capital contributions	<u>418,460</u>	<u>-</u>	<u>418,460</u>	<u>-</u>	<u>-</u>
Change in net position	730,991	119,569	611,422	104,710	14,859
Net position, beginning of year	<u>249,020</u>	<u>129,451</u>	<u>119,569</u>	<u>24,741</u>	<u>104,710</u>
Net position, end of year	<u>\$ 980,011</u>	<u>249,020</u>	<u>730,991</u>	<u>129,451</u>	<u>119,569</u>

The Statements of Revenues, Expenses, and Changes in Net Position shows how the Agency's net position changed during the fiscal year. In the case of the Agency, the net position increased \$730,991 to \$980,011, due to \$418,460 in capital contributions, and net income of \$312,531 from ongoing operations. In the fiscal year 2022, the Agency's net position increased \$119,569 to \$249,020, as a result of non-operating revenue.

In fiscal year 2023, the Agency's operating revenues increased \$95,431 to \$341,519, primarily due to an increase of \$104,424 in member assessments. In fiscal year 2022, the Agency's operating revenues increased \$67,728 to \$246,088, primarily due to an increase of \$66,009 in member assessments.

In fiscal year 2023, the Agency's operating expenses decreased \$136,569 to \$109,519, primarily due to a decrease of \$127,576 in expenses related to the Agency's Ground Water Sustainability Plan. In fiscal year 2022, the Agency's operating expenses increased \$67,728 to \$246,088, primarily due to an increase of \$66,009 in expenses related to the Agency's Ground Water Sustainability Plan.

In fiscal year 2023, the Agency's non-operating revenue decreased \$25,089 to \$94,480 sourcing from a Department of Water Resources sustainable groundwater planning grant. In fiscal year 2022, the Agency's non-operating revenue increased \$14,859 to \$119,569 sourcing from a Department of Water Resources sustainable groundwater planning grant.

In fiscal year 2023, the Agency's capital contributions increased to \$418,460, primarily due to increases of \$232,000 in contributions from other agencies, sourcing from Three Valleys Municipal Water District for a new monitoring well, and \$186,460 in contributions from member agencies, sourcing from Walnut Valley Water District and the City of Pomona. In fiscal year 2022, the Agency had no capital contributions.

Spadra Basin Groundwater Sustainability Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2023 and 2022

Conditions Affecting Current Financial Position

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

Requests for Information

This financial report is designed to provide the Agency's present users, including funding sources, members, stakeholders, and other interested parties with a general overview of the Agency's finances and to demonstrate the Agency's accountability with an overview of the Agency'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 the Agency's Treasurer, Josh Byerrum at Spadra Basin Groundwater Sustainability Agency at 271 S. Brea Canyon Rd., Walnut, California 91789 or (909) 595-7554.

Working Draft Subject to Review

Basic Financial Statements

Working Draft Subject to Review

Spadra Basin Groundwater Sustainability Agency
Statements of Net Position
June 30, 2023 and 2022

	2023	2022
Current assets:		
Cash and cash equivalents (note 2)	\$ 343,493	193,972
Accounts receivable – member agencies	240,735	67,798
Total current assets	584,228	261,770
Non-current assets:		
Capital assets – being depreciated, net (note 3)	404,511	-
Total non-current assets	404,511	-
Total assets	988,739	261,770
Current liabilities:		
Accounts payable – member agencies	8,728	12,750
Total current liabilities	8,728	12,750
Net position (note 4):		
Net investment in capital assets	404,511	-
Unrestricted	575,500	249,020
Total net position	\$ 980,011	249,020

See accompanying notes to the basic financial statements

Spadra Basin Groundwater Sustainability Agency
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2023 and 2022

	2023	2022
Operating revenues:		
Administrative assessments	\$ 9,551	18,544
Member assessments	331,968	227,544
Total operating revenues	341,519	246,088
Operating expenses:		
General and administrative	9,551	18,544
Groundwater Sustainability Plan	99,968	227,544
Total operating expenses	109,519	246,088
Operating income before depreciation expense	232,000	-
Depreciation expense	(13,949)	-
Operating income	218,051	-
Non-operating revenue:		
Sustainable Groundwater Planning Grant – Dept. Water Resources	94,480	119,569
Net income before capital contributions	312,531	119,569
Capital contributions:		
Capital Contribution - Agency	186,460	-
Capital Contribution - Other	232,000	-
Total capital contributions	418,460	-
Change in net position	730,991	119,569
Net position, beginning of year	249,020	129,451
Net position, end of year	\$ 980,011	249,020

See accompanying notes to the basic financial statements

Spadra Basin Groundwater Sustainability Agency
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Cash receipts from administrative and member assessments	\$ 168,582	265,276
Cash paid to vendors and suppliers for materials and services	(113,541)	(248,695)
Net cash provided by operating activities	55,041	16,581
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(418,460)	-
Capital contributions	418,460	-
Cash received from grants	94,480	119,569
Net cash provided by capital and related financing activities	94,480	119,569
Net increase in cash and cash equivalents	149,521	136,150
Cash and cash equivalents – beginning of year	193,972	57,822
Cash and cash equivalents – end of year	\$ 343,493	193,972
Reconciliation of operating income to net cash provided by operating activities:		
Operating Income	\$ 232,000	-
Changes in assets and liabilities		
Decrease (increase) in assets:		
Accounts receivable – member assessments	(172,937)	19,188
Decrease in liabilities :		
Accounts payable – member assessments	(4,022)	(2,607)
Total adjustments	(176,959)	16,581
Net cash provided by operating activities	\$ 55,041	16,581

See accompanying notes to the basic financial statements

Spadra Basin Groundwater Sustainability Agency
Notes to the Basic Financial Statements, continued
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 Spadra Basin Groundwater Sustainability Agency (Agency) was formed in February 28, 2017 by the execution of a Memorandum of Agreement between Walnut Valley Water District (WVWD) and the City of Pomona (City) to meet the requirements of the Sustainable Groundwater Management Act of 2014. The Agency's purpose is to develop and implement a Groundwater Sustainability Plan to sustainably manage the Basin in compliance with the Act's requirements. The Spadra basin is located in the San Gabriel Valley, in the western portion of the City of Pomona. The Agency is governed by an appointed Executive Committee comprised of one member and one alternative member from WVWD and the City.

B. Basis of Accounting and Measurement Focus

The Agency 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 Agency is that the costs of managing the basin on a continuing basis be financed or recovered primarily through member assessments, capital grants, 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 result from exchange transactions associated with the principal activity of the Agency. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenue and non-operating expenses, respectively.

C. Financial Reporting

The Agency'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 Agency solely operates as a special-purpose government, which means it is only engaged in business-type activities; accordingly, activities are reported in the Agency's proprietary fund.

Spadra Basin Groundwater Sustainability Agency
Notes to the Basic 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 Agency 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.

Spadra Basin Groundwater Sustainability Agency
Notes to the Basic 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.

Spadra Basin Groundwater Sustainability Agency
Notes to the Basic 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, Liabilities, and Net Position

1. Use of Estimates

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

2. Cash and Cash Equivalents

Substantially, all of the Agency's cash is held in a financial institution bank account. The Agency considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents.

Spadra Basin Groundwater Sustainability Agency
Notes to the Basic 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, Liabilities, and Net Position, continued

2. Accounts Receivable

The Agency extends credit to its members in the normal course of operations. Management has evaluated the accounts and believes all accounts are collectible at June 30. When management deems accounts uncollectible, the Agency uses the direct write off method for the write-off those accounts to bad debt expense. As of June 30, 2023, and 2022, there is no allowance for uncollectible accounts as management believes all accounts will be collected, respectively.

3. Revenue Recognition

Assessments are recognized as revenue at the time each member agency is invoiced.

4. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. Agency 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:

- Monitoring wells – 20 years

5. 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 related debt 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 component of net position.

Spadra Basin Groundwater Sustainability Agency
Notes to the Basic 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:

	2023	2022
Cash and cash equivalents	\$ 343,493	193,972

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

	2023	2022
Deposits with financial institutions	\$ 343,493	193,972
Total cash and cash equivalents	\$ 343,493	193,972

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 Agency'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 Agency 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 Agency's name.

Spadra Basin Groundwater Sustainability Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2023 and 2022

(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:				
Monitoring Well	\$ -	418,460	-	418,460
Total depreciable assets	-	418,460	-	418,460
Accumulated depreciation:				
Monitoring Well	-	(13,949)	-	(13,949)
Total accumulated depreciation	-	(13,949)	-	(13,949)
Total depreciable assets, net	\$ -	404,511	-	404,511

For the fiscal years ending June 30, 2023 and 2022, the Agency had \$418,460 and \$0 in additions to the Agency's Monitoring Well, respectively. There was no capital asset activity for the year ended June 30, 2022.

(4) Net Position

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

	<u>2023</u>	<u>2022</u>
Net investment in capital assets	\$ 404,511	-
Unrestricted	575,500	249,020
Total net position	\$ 980,011	249,020

(5) 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 have 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.

Spadra Basin Groundwater Sustainability Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2023 and 2022

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

Governmental Accounting Standards Board Statement No. 99, continued

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.

Spadra Basin Groundwater Sustainability Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2023 and 2022

(5) 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.

(6) Contingencies

Litigation

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

Grant Awards

Grant funds received by the Agency are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the Agency believes that such disallowances, if any, would not be significant.

(7) Subsequent Events

Events occurring after June 30, 2023, have been evaluated for possible adjustment to the financial statements or disclosure as of January 2, 2024, which is the date the financial statements were available to be issued.

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Working Draft Subject to Review

Report on Internal Controls and Compliance

Working Draft Subject to Review

Working Draft Subject to Review

**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***

Executive Committee
Spadra Basin Groundwater Sustainability Agency
Walnut, 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 Spadra Basin Groundwater Sustainability Agency (Agency) 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 Agency’s basic financial statements, and have issued our report thereon dated January 2, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency’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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency’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 Agency’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 Control 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C.J. Brown & Company, CPAs
Cypress, California
January 2, 2024

Working Draft Subject to Review



Walnut Valley Water District Consolidated - Account #10076

MONTHLY ACCOUNT STATEMENT

DECEMBER 1, 2023 THROUGH DECEMBER 31, 2023

Chandler Team:

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

Custodian

Bank of New York Mellon Trust Company
Amy Kung
(213) 630-6374

CHANDLER ASSET MANAGEMENT
chandlerasset.com

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



PORTFOLIO CHARACTERISTICS

Average Modified Duration	1.74
Average Coupon	1.90%
Average Purchase YTM	1.94%
Average Market YTM	3.86%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	1.87 yrs
Average Life	1.84 yrs

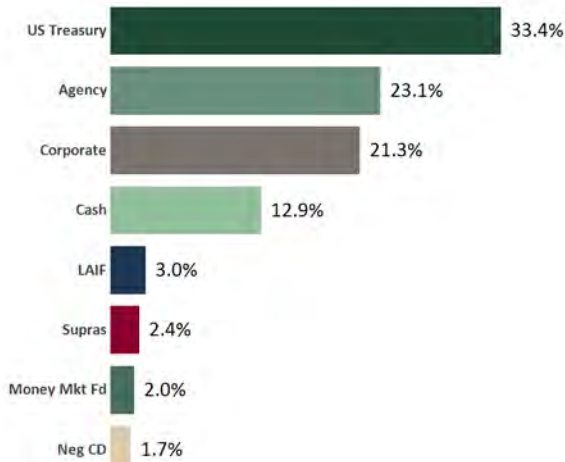
ACCOUNT SUMMARY

	Beg. Values as of 11/30/23	End Values as of 12/31/23
Market Value	41,330,339	41,621,789
Accrued Interest	220,456	200,796
Total Market Value	41,550,796	41,822,585
Income Earned	77,529	72,885
Cont/WD		
Par	43,035,525	42,927,963
Book Value	42,915,155	42,808,944
Cost Value	42,970,793	42,847,961

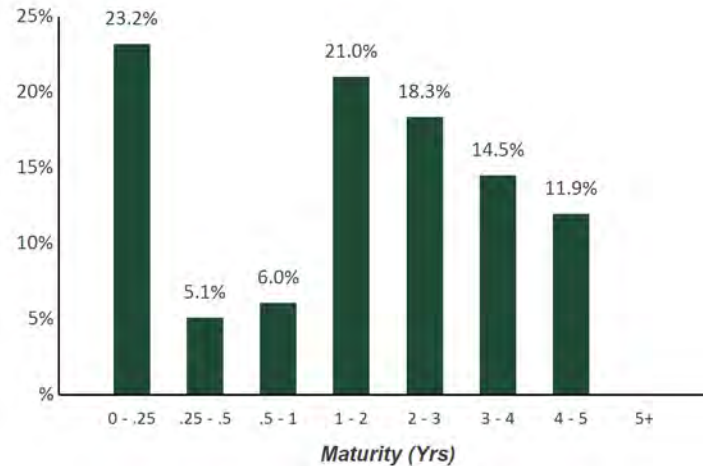
TOP ISSUERS

Government of United States	33.4%
Bank Cash Account	12.9%
Federal Home Loan Bank	11.5%
Federal National Mortgage Assoc	6.0%
Federal Home Loan Mortgage Corp	3.9%
Local Agency Investment Fund	3.0%
Federated Govt Obligation Money	2.0%
Federal Farm Credit Bank	1.8%
Total	74.5%

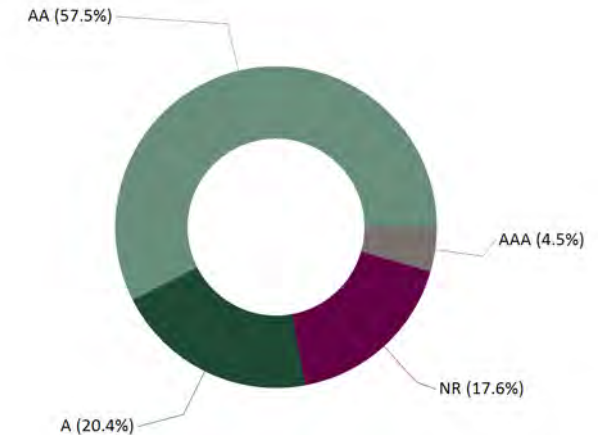
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)





PORTFOLIO CHARACTERISTICS

Average Modified Duration	2.08
Average Coupon	2.14%
Average Purchase YTM	2.19%
Average Market YTM	4.49%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.23 yrs
Average Life	2.22 yrs

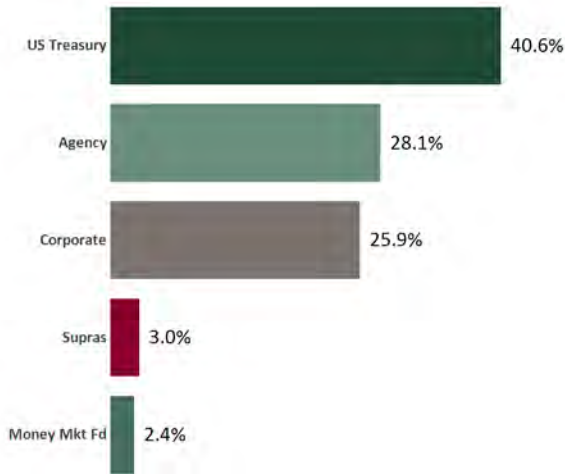
ACCOUNT SUMMARY

	Beg. Values as of 11/30/23	End Values as of 12/31/23
Market Value	33,785,834	34,273,637
Accrued Interest	199,549	169,189
Total Market Value	33,985,383	34,442,826
Income Earned	66,735	62,185
Cont/WD		0
Par	35,465,000	35,556,194
Book Value	35,344,630	35,437,175
Cost Value	35,400,269	35,476,193

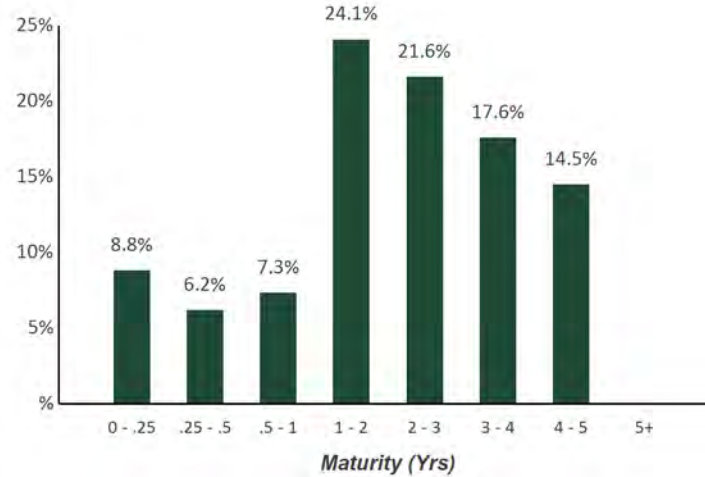
TOP ISSUERS

Government of United States	40.6%
Federal Home Loan Bank	14.0%
Federal National Mortgage Assoc	7.3%
Federal Home Loan Mortgage Corp	4.7%
Federated Govt Obligation Money	2.4%
Federal Farm Credit Bank	2.2%
Intl Bank Recon and Development	1.6%
Bank of America Corp	1.5%
Total	74.2%

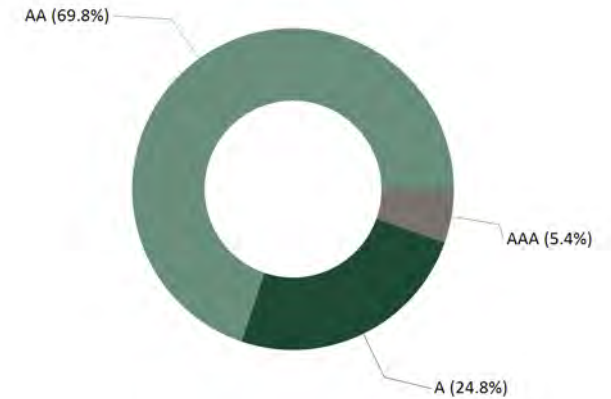
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

TOTAL RATE OF RETURN	Annualized									
	1M	3M	YTD	1YR	2YRS	3YRS	5YRS	10YRS	7/31/2009	
Walnut Valley Water District	1.34%	2.98%	4.64%	4.64%	-0.10%	-0.38%	1.51%	1.37%	1.50%	
ICE BofA 1-5 Yr US Treasury & Agency Index*	1.48%	3.10%	4.32%	4.32%	-0.58%	-0.75%	1.20%	1.15%	1.26%	

*ICE BofA 1-3 Yr US Treasury Index to 8/31/10



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
3135G0V34	FNMA Note 2.5% Due 2/5/2024	575,000.00	03/06/2019 2.60%	572,263.00 574,946.63	99.73 5.27%	573,473.38 5,829.86	1.39% (1,473.25)	Aaa / AA+ AA+	0.10 0.09
3130AFW94	FHLB Note 2.5% Due 2/13/2024	500,000.00	02/28/2019 2.61%	497,510.00 499,940.85	99.66 5.36%	498,311.00 4,791.67	1.20% (1,629.85)	Aaa / AA+ NR	0.12 0.12
3130AB3H7	FHLB Note 2.375% Due 3/8/2024	600,000.00	05/01/2019 2.35%	600,600.00 600,022.69	99.47 5.21%	596,821.20 4,472.92	1.44% (3,201.49)	Aaa / AA+ NR	0.19 0.18
3133EKNX0	FFCB Note 2.16% Due 6/3/2024	750,000.00	07/02/2019 1.88%	759,847.50 750,843.91	98.75 5.18%	740,627.25 1,260.00	1.77% (10,216.66)	Aaa / AA+ AA+	0.42 0.41
3130A1XJ2	FHLB Note 2.875% Due 6/14/2024	650,000.00	06/26/2019 1.85%	681,427.50 652,858.62	98.93 5.29%	643,037.85 882.47	1.54% (9,820.77)	Aaa / AA+ NR	0.45 0.44
3130A3GE8	FHLB Note 2.75% Due 12/13/2024	700,000.00	12/23/2019 1.77%	732,445.00 706,199.57	98.09 4.83%	686,634.90 962.50	1.64% (19,564.67)	Aaa / AA+ NR	0.95 0.92
3135G0X24	FNMA Note 1.625% Due 1/7/2025	600,000.00	02/14/2020 1.48%	604,074.00 600,849.04	96.90 4.78%	581,406.00 4,712.50	1.40% (19,443.04)	Aaa / AA+ AA+	1.02 0.98
3137EAEPO	FHLMC Note 1.5% Due 2/12/2025	600,000.00	02/14/2020 1.48%	600,486.00 600,108.89	96.54 4.72%	579,245.40 3,475.00	1.39% (20,863.49)	Aaa / AA+ AA+	1.12 1.08
3135G03U5	FNMA Note 0.625% Due 4/22/2025	800,000.00	Various 0.53%	803,537.00 800,948.50	95.08 4.54%	760,624.00 958.34	1.82% (40,324.50)	Aaa / AA+ AA+	1.31 1.27
3130AJKW8	FHLB Note 0.5% Due 6/13/2025	600,000.00	06/10/2020 0.54%	598,866.00 599,671.12	94.51 4.45%	567,048.00 150.00	1.36% (32,623.12)	Aaa / AA+ NR	1.45 1.41
3137EAEU9	FHLMC Note 0.375% Due 7/21/2025	400,000.00	08/12/2020 0.45%	398,456.00 399,514.45	93.97 4.43%	375,891.20 666.67	0.90% (23,623.25)	Aaa / AA+ AA+	1.56 1.52
3137EAEX3	FHLMC Note 0.375% Due 9/23/2025	700,000.00	10/07/2020 0.50%	695,758.00 698,521.98	93.33 4.43%	653,329.60 714.58	1.56% (45,192.38)	Aaa / AA+ AA+	1.73 1.68
3135G06G3	FNMA Note 0.5% Due 11/7/2025	625,000.00	11/18/2020 0.51%	624,775.00 624,916.15	93.15 4.40%	582,156.88 468.75	1.39% (42,759.27)	Aaa / AA+ AA+	1.85 1.80
3130AKFA9	FHLB Note 0.375% Due 12/12/2025	600,000.00	01/05/2021 0.42%	598,680.00 599,478.89	92.58 4.39%	555,483.60 118.75	1.33% (43,995.29)	Aaa / AA+ NR	1.95 1.90
3130ATU54	FHLB Note 4.25% Due 12/10/2027	475,000.00	01/26/2023 3.67%	487,188.50 484,864.60	101.03 3.96%	479,888.70 1,177.60	1.15% (4,975.90)	Aaa / AA+ NR	3.95 3.59



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
3130AWMN7	FHLB Note 4.375% Due 6/9/2028	750,000.00	07/21/2023 4.17%	756,637.50 756,037.82	101.83 3.92%	763,719.75 2,005.21	1.83% 7,681.93	Aaa / AA+ NR	4.44 4.00
Total Agency		9,925,000.00	1.67%	10,012,551.00 9,949,723.71	4.70%	9,637,698.71 32,646.82	23.12% (312,025.00)	Aaa / AA+ AA+	1.42 1.34
CASH									
90CASH\$00	Cash Custodial Cash Account	5,403,840.90	Various 0.00%	5,403,840.90 5,403,840.90	1.00 0.00%	5,403,840.90 0.00	12.92% 0.00	NR / NR NR	0.00 0.00
Total Cash		5,403,840.90	N/A	5,403,840.90	0.00%	5,403,840.90 0.00	12.92% 0.00	NR / NR NR	0.00 0.00
CORPORATE									
91159HHV5	US Bancorp Callable Note Cont 1/5/2024 3.375% Due 2/5/2024	500,000.00	12/23/2019 2.11%	524,265.00 500,065.98	99.76 5.82%	498,815.00 6,843.75	1.21% (1,250.98)	A3 / A A	0.10 0.09
14913R2L0	Caterpillar Financial Service Note 0.45% Due 5/17/2024	350,000.00	05/12/2021 0.51%	349,426.00 349,928.25	98.16 5.41%	343,567.35 192.50	0.82% (6,360.90)	A2 / A A+	0.38 0.37
06367WB85	Bank of Montreal Note 1.85% Due 5/1/2025	400,000.00	02/15/2022 2.25%	395,048.00 397,941.26	95.88 5.09%	383,502.00 1,233.33	0.92% (14,439.26)	A2 / A- AA-	1.33 1.29
717081EX7	Pfizer Inc. Callable Note Cont 4/28/2025 0.8% Due 5/28/2025	400,000.00	05/26/2020 0.83%	399,376.00 399,824.69	94.62 4.80%	378,467.60 293.33	0.91% (21,357.09)	A2 / A A	1.41 1.37
78015K7H1	Royal Bank of Canada Note 1.15% Due 6/10/2025	400,000.00	05/20/2021 0.96%	403,072.00 401,093.28	94.77 4.95%	379,069.60 268.33	0.91% (22,023.68)	A1 / A AA-	1.44 1.40
89114TZD7	Toronto-Dominion Bank Note 1.2% Due 6/3/2026	400,000.00	08/11/2021 1.12%	401,416.00 400,713.24	91.81 4.82%	367,226.80 373.33	0.88% (33,486.44)	A1 / A AA-	2.42 2.33
06428CAA2	Bank Of America NA Callable Note cont 7/17/2026 5.526% Due 8/18/2026	500,000.00	09/11/2023 5.51%	500,150.00 500,134.58	101.85 4.74%	509,229.50 10,207.75	1.24% 9,094.92	Aa1 / A+ AA	2.63 2.31

Walnut Valley Water District Consolidated

Account #10076

Holdings Report

As of December 31, 2023



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
CORPORATE									
87612EBM7	Target Corp Callable Note Cont 12/15/2026 1.95% Due 1/15/2027	500,000.00	01/24/2022 1.87%	501,865.00 501,127.99	93.30 4.33%	466,486.50 4,495.83	1.13% (34,641.49)	A2 / A A	3.04 2.87
06406RBA4	Bank of NY Mellon Corp Callable Note Cont 12/26/2026 2.05% Due 1/26/2027	500,000.00	01/26/2022 2.03%	500,400.00 500,243.17	92.92 4.55%	464,582.50 4,413.19	1.12% (35,660.67)	A1 / A AA-	3.07 2.89
023135CF1	Amazon.com Inc Callable Note Cont 3/13/2027 3.3% Due 4/13/2027	400,000.00	04/26/2022 3.26%	400,788.00 400,516.63	97.07 4.26%	388,282.40 2,860.00	0.94% (12,234.23)	A1 / AA AA-	3.28 3.05
665859AW4	Northern Trust Company Callable Note Cont 4/10/2027 4% Due 5/10/2027	500,000.00	06/28/2022 4.00%	500,045.00 500,031.06	98.65 4.44%	493,234.00 2,833.33	1.19% (6,797.06)	A2 / A+ A+	3.36 3.09
69371RS31	Paccar Financial Corp Note 4.6% Due 1/10/2028	500,000.00	01/26/2023 4.26%	507,430.00 506,047.67	100.86 4.37%	504,287.50 10,925.00	1.23% (1,760.17)	A1 / A+ NR	4.03 3.57
24422EWR6	John Deere Capital Corp Note 4.75% Due 1/20/2028	500,000.00	01/26/2023 4.29%	510,270.00 508,369.82	101.65 4.30%	508,274.00 10,621.53	1.24% (95.82)	A2 / A A+	4.06 3.58
438516CJ3	Honeywell Intl Callable Note Cont 01/15/2028 4.95% Due 2/15/2028	425,000.00	04/11/2023 4.02%	441,923.50 439,362.58	102.91 4.16%	437,384.93 7,947.50	1.06% (1,977.65)	A2 / A A	4.13 3.58
713448FL7	Pepsico Inc. Callable Note Cont 1/18/2028 3.6% Due 2/18/2028	500,000.00	03/20/2023 4.18%	487,155.00 489,195.59	97.89 4.16%	489,453.50 6,650.00	1.19% 257.91	A1 / A+ NR	4.14 3.74
57636QAW4	MasterCard Inc Callable Note Cont 2/9/28 4.875% Due 3/9/2028	450,000.00	03/10/2023 4.83%	450,904.50 450,759.05	103.07 4.05%	463,826.25 6,825.00	1.13% 13,067.20	Aa3 / A+ NR	4.19 3.65
74456QBU9	Public Service EI & Gas Callable Note Cont 02/01/28 3.7% Due 5/1/2028	400,000.00	06/26/2023 4.70%	382,788.00 384,607.47	96.82 4.51%	387,287.60 2,466.67	0.93% 2,680.13	A1 / A NR	4.34 3.93
341081GN1	Florida Power and Light Callable Note Cont 3/15/2028 4.4% Due 5/15/2028	450,000.00	Various 4.67%	444,781.50 445,384.29	100.16 4.35%	450,719.55 2,530.00	1.08% 5,335.26	Aa2 / A+ AA-	4.38 3.78
74340XCG4	Prologis LP Callable Note Cont 5/15/2028 4.875% Due 6/15/2028	450,000.00	07/21/2023 4.96%	448,330.50 448,479.98	101.27 4.55%	455,728.05 975.00	1.09% 7,248.07	A3 / A NR	4.46 3.90



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
CORPORATE									
89236TLB9	Toyota Motor Credit Corp Note 5.25% Due 9/11/2028	450,000.00	09/26/2023 5.34%	448,227.00 448,320.06	103.55 4.40%	465,955.65 7,218.75	1.13% 17,635.59	A1 / A+ A+	4.70 4.08
Total Corporate		8,975,000.00	3.36%	8,997,661.00 8,972,146.64	4.59%	8,835,380.28 90,174.12	21.34% (136,766.36)	A1 / A A+	3.12 2.80
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	1,223,927.70	Various 3.95%	1,223,927.70 1,223,927.70	1.00 3.95%	1,223,927.70 30,330.82	3.00% 0.00	NR / NR NR	0.00 0.00
Total LAIF		1,223,927.70	3.95%	1,223,927.70	3.95%	1,223,927.70 30,330.82	3.00% 0.00	NR / NR NR	0.00 0.00
MONEY MARKET FUND									
60934N807	Federated Investors Govt Oblig Fund Inst.	841,194.34	Various 5.00%	841,194.34 841,194.34	1.00 5.00%	841,194.34 0.00	2.01% 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund		841,194.34	5.00%	841,194.34	5.00%	841,194.34 0.00	2.01% 0.00	Aaa / AAA AAA	0.00 0.00
NEGOTIABLE CD									
7954506L4	Sallie Mae Bank Negotiable CD 0.85% Due 5/27/2025	248,000.00	05/27/2020 0.85%	248,000.00 248,000.00	100.00 0.85%	248,000.00 202.14	0.59% 0.00	NR / NR NR	1.41 1.39
856285TQ4	State Bank of India Negotiable CD 1.1% Due 5/28/2025	248,000.00	05/28/2020 1.10%	248,000.00 248,000.00	100.00 1.10%	248,000.00 254.12	0.59% 0.00	NR / NR NR	1.41 1.39
38149MZJ5	Goldman Sachs Bank USA Negotiable CD 1.05% Due 9/8/2026	248,000.00	08/25/2021 1.05%	248,000.00 248,000.00	90.48 4.87%	224,383.70 820.44	0.54% (23,616.30)	NR / NR NR	2.69 2.59
Total Negotiable CD		744,000.00	1.00%	744,000.00	2.19%	720,383.70 1,276.70	1.73% (23,616.30)	NR / NR NR	1.81 1.77
SUPRANATIONAL									
459058JL8	Intl. Bank Recon & Development Note 0.5% Due 10/28/2025	600,000.00	12/14/2020 0.48%	600,516.00 600,193.39	93.19 4.42%	559,162.80 525.00	1.34% (41,030.59)	Aaa / AAA AAA	1.83 1.78



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
SUPRANATIONAL									
4581X0DV7	Inter-American Dev Bank Note 0.875% Due 4/20/2026	500,000.00	04/27/2021 0.94%	498,425.00 499,271.88	92.71 4.23%	463,556.50 862.85	1.11% (35,715.38)	Aaa / AAA AAA	2.30 2.23
Total Supranational		1,100,000.00	0.69%	1,098,941.00 1,099,465.27	4.34%	1,022,719.30 1,387.85	2.45% (76,745.97)	Aaa / AAA AAA	2.04 1.98
US TREASURY									
912828X70	US Treasury Note 2% Due 4/30/2024	400,000.00	07/02/2019 1.78%	404,125.00 400,280.77	98.95 5.19%	395,812.40 1,362.64	0.95% (4,468.37)	Aaa / AA+ AA+	0.33 0.33
9128282U3	US Treasury Note 1.875% Due 8/31/2024	575,000.00	03/04/2020 0.72%	604,311.52 579,343.11	97.95 5.04%	563,230.33 3,643.11	1.36% (16,112.78)	Aaa / AA+ AA+	0.67 0.64
912828YM6	US Treasury Note 1.5% Due 10/31/2024	600,000.00	02/15/2022 1.74%	596,203.13 598,831.73	97.29 4.86%	583,734.60 1,532.97	1.40% (15,097.13)	Aaa / AA+ AA+	0.84 0.81
912828YV6	US Treasury Note 1.5% Due 11/30/2024	700,000.00	12/23/2019 1.72%	692,808.59 698,667.81	96.99 4.90%	678,945.40 918.03	1.63% (19,722.41)	Aaa / AA+ AA+	0.92 0.89
912828Z52	US Treasury Note 1.375% Due 1/31/2025	575,000.00	03/04/2020 0.71%	593,328.13 579,047.93	96.48 4.74%	554,762.88 3,308.59	1.33% (24,285.05)	Aaa / AA+ AA+	1.09 1.05
912828ZF0	US Treasury Note 0.5% Due 3/31/2025	750,000.00	03/26/2020 0.50%	749,912.11 749,978.09	95.08 4.60%	713,115.00 952.87	1.71% (36,863.09)	Aaa / AA+ AA+	1.25 1.22
91282CAT8	US Treasury Note 0.25% Due 10/31/2025	700,000.00	02/16/2021 0.51%	691,605.47 696,727.31	92.89 4.33%	650,206.90 298.08	1.56% (46,520.41)	Aaa / AA+ AA+	1.84 1.79
91282CBC4	US Treasury Note 0.375% Due 12/31/2025	700,000.00	01/12/2021 0.52%	694,968.75 697,974.18	92.68 4.23%	648,730.60 7.21	1.55% (49,243.58)	Aaa / AA+ AA+	2.00 1.95
91282CBH3	US Treasury Note 0.375% Due 1/31/2026	550,000.00	03/22/2021 0.85%	537,625.00 544,691.45	92.39 4.23%	508,148.30 863.11	1.22% (36,543.15)	Aaa / AA+ AA+	2.09 2.03
91282CBQ3	US Treasury Note 0.5% Due 2/28/2026	650,000.00	03/09/2021 0.83%	639,589.84 645,472.10	92.41 4.20%	600,666.30 1,098.21	1.44% (44,805.80)	Aaa / AA+ AA+	2.16 2.11
91282CBT7	US Treasury Note 0.75% Due 3/31/2026	440,000.00	03/29/2021 0.88%	437,301.56 438,788.21	92.78 4.15%	408,220.12 838.52	0.98% (30,568.09)	Aaa / AA+ AA+	2.25 2.18
91282CCF6	US Treasury Note 0.75% Due 5/31/2026	850,000.00	06/28/2021 0.88%	844,820.31 847,460.60	92.31 4.13%	784,623.10 557.38	1.88% (62,837.50)	Aaa / AA+ AA+	2.42 2.35

Holdings Report

As of December 31, 2023



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
91282CCP4	US Treasury Note 0.625% Due 7/31/2026	750,000.00	10/08/2021 1.02%	736,171.88 742,569.26	91.60 4.08%	686,982.75 1,961.62	1.65% (55,586.51)	Aaa / AA+ AA+	2.58 2.51
91282CCW9	US Treasury Note 0.75% Due 8/31/2026	850,000.00	09/28/2021 1.00%	839,939.45 844,552.63	91.68 4.08%	779,277.45 2,154.19	1.87% (65,275.18)	Aaa / AA+ AA+	2.67 2.58
91282CCZ2	US Treasury Note 0.875% Due 9/30/2026	650,000.00	12/29/2021 1.26%	638,447.27 643,317.54	91.85 4.04%	597,010.05 1,445.18	1.43% (46,307.49)	Aaa / AA+ AA+	2.75 2.66
91282CDG3	US Treasury Note 1.125% Due 10/31/2026	575,000.00	11/29/2021 1.18%	573,472.66 574,120.67	92.28 4.04%	530,594.48 1,101.82	1.27% (43,526.19)	Aaa / AA+ AA+	2.84 2.73
91282CDK4	US Treasury Note 1.25% Due 11/30/2026	575,000.00	04/26/2022 2.76%	537,827.15 551,429.13	92.45 4.02%	531,605.32 628.42	1.27% (19,823.81)	Aaa / AA+ AA+	2.92 2.81
91282CEF4	US Treasury Note 2.5% Due 3/31/2027	700,000.00	06/13/2022 3.45%	670,878.91 680,292.12	95.57 3.96%	669,019.40 4,446.72	1.61% (11,272.72)	Aaa / AA+ AA+	3.25 3.06
91282CEW7	US Treasury Note 3.25% Due 6/30/2027	550,000.00	09/13/2022 3.61%	541,363.28 543,702.60	97.72 3.95%	537,474.85 49.11	1.29% (6,227.75)	Aaa / AA+ AA+	3.50 3.27
91282CFH9	US Treasury Note 3.125% Due 8/31/2027	550,000.00	09/08/2022 3.40%	543,232.42 545,008.26	97.19 3.96%	534,531.25 5,807.86	1.29% (10,477.01)	Aaa / AA+ AA+	3.67 3.39
91282CFM8	US Treasury Note 4.125% Due 9/30/2027	400,000.00	10/28/2022 4.19%	398,796.88 399,083.08	100.63 3.94%	402,531.20 4,192.62	0.97% 3,448.12	Aaa / AA+ AA+	3.75 3.41
91282CFU0	US Treasury Note 4.125% Due 10/31/2027	750,000.00	11/09/2022 4.30%	744,169.92 745,508.66	100.63 3.95%	754,716.75 5,269.57	1.82% 9,208.09	Aaa / AA+ AA+	3.84 3.49
9128283F5	US Treasury Note 2.25% Due 11/15/2027	875,000.00	12/09/2022 3.79%	814,946.29 827,798.25	94.02 3.93%	822,704.75 2,542.07	1.97% (5,093.50)	Aaa / AA+ AA+	3.88 3.64
Total US Treasury		14,715,000.00	1.77%	14,525,845.52 14,574,645.49	4.27%	13,936,644.18 44,979.90	33.43% (638,001.31)	Aaa / AA+ AA+	2.36 2.25
TOTAL PORTFOLIO		42,927,962.94	1.94%	42,847,961.46 42,808,944.05	3.86%	41,621,789.11 200,796.21	100.00% (1,187,154.94)	Aa1 / AA AA	1.87 1.74
TOTAL MARKET VALUE PLUS ACCRUED						41,822,585.32			



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	12/03/2023	60934N807	10,500.00	Federated Investors Govt Oblig Fund Inst.	1.000	5.00%	10,500.00	0.00	10,500.00	0.00
Purchase	12/04/2023	60934N807	134.45	Federated Investors Govt Oblig Fund Inst.	1.000	5.00%	134.45	0.00	134.45	0.00
Purchase	12/08/2023	60934N807	12,656.25	Federated Investors Govt Oblig Fund Inst.	1.000	5.00%	12,656.25	0.00	12,656.25	0.00
Purchase	12/08/2023	60934N807	750,000.00	Federated Investors Govt Oblig Fund Inst.	1.000	5.00%	750,000.00	0.00	750,000.00	0.00
Purchase	12/09/2023	60934N807	13,489.58	Federated Investors Govt Oblig Fund Inst.	1.000	5.00%	13,489.58	0.00	13,489.58	0.00
Purchase	12/10/2023	60934N807	12,393.75	Federated Investors Govt Oblig Fund Inst.	1.000	5.00%	12,393.75	0.00	12,393.75	0.00
Purchase	12/12/2023	60934N807	1,125.00	Federated Investors Govt Oblig Fund Inst.	1.000	5.00%	1,125.00	0.00	1,125.00	0.00
Purchase	12/13/2023	60934N807	11,125.00	Federated Investors Govt Oblig Fund Inst.	1.000	5.00%	11,125.00	0.00	11,125.00	0.00
Purchase	12/14/2023	60934N807	9,343.75	Federated Investors Govt Oblig Fund Inst.	1.000	5.00%	9,343.75	0.00	9,343.75	0.00
Purchase	12/15/2023	60934N807	10,176.56	Federated Investors Govt Oblig Fund Inst.	1.000	5.00%	10,176.56	0.00	10,176.56	0.00
Purchase	12/31/2023	60934N807	10,250.00	Federated Investors Govt Oblig Fund Inst.	1.000	5.00%	10,250.00	0.00	10,250.00	0.00
Subtotal			841,194.34				841,194.34	0.00	841,194.34	0.00
Security Contribution	12/29/2023	90CASH\$00	1,801,244.06	Cash Custodial Cash Account	1.000		1,801,244.06	0.00	1,801,244.06	0.00
Subtotal			1,801,244.06				1,801,244.06	0.00	1,801,244.06	0.00
TOTAL ACQUISITIONS			2,642,438.40				2,642,438.40	0.00	2,642,438.40	0.00



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
DISPOSITIONS										
Maturity	12/08/2023	3130A0F70	750,000.00	FHLB Note 3.375% Due 12/8/2023	100.000		750,000.00	0.00	750,000.00	0.00
Subtotal			750,000.00				750,000.00	0.00	750,000.00	0.00
Security Withdrawal	12/29/2023	90LAIF\$00	2,000,000.00	Local Agency Investment Fund State Pool	1.000		2,000,000.00	0.00	2,000,000.00	0.00
Subtotal			2,000,000.00				2,000,000.00	0.00	2,000,000.00	0.00
TOTAL DISPOSITIONS			2,750,000.00				2,750,000.00	0.00	2,750,000.00	0.00

OTHER TRANSACTIONS										
Interest	12/03/2023	3133EKNX0	750,000.00	FFCB Note 2.16% Due 6/3/2024	0.000		8,100.00	0.00	8,100.00	0.00
Interest	12/03/2023	89114TZD7	400,000.00	Toronto-Dominion Bank Note 1.2% Due 6/3/2026	0.000		2,400.00	0.00	2,400.00	0.00
Interest	12/08/2023	3130A0F70	750,000.00	FHLB Note 3.375% Due 12/8/2023	0.000		12,656.25	0.00	12,656.25	0.00
Interest	12/09/2023	3130AWMN7	750,000.00	FHLB Note 4.375% Due 6/9/2028	0.000		13,489.58	0.00	13,489.58	0.00
Interest	12/10/2023	3130ATUS4	475,000.00	FHLB Note 4.25% Due 12/10/2027	0.000		10,093.75	0.00	10,093.75	0.00
Interest	12/10/2023	78015K7H1	400,000.00	Royal Bank of Canada Note 1.15% Due 6/10/2025	0.000		2,300.00	0.00	2,300.00	0.00
Interest	12/12/2023	3130AKFA9	600,000.00	FHLB Note 0.375% Due 12/12/2025	0.000		1,125.00	0.00	1,125.00	0.00
Interest	12/13/2023	3130A3GE8	700,000.00	FHLB Note 2.75% Due 12/13/2024	0.000		9,625.00	0.00	9,625.00	0.00
Interest	12/13/2023	3130AJKW8	600,000.00	FHLB Note 0.5% Due 6/13/2025	0.000		1,500.00	0.00	1,500.00	0.00
Interest	12/14/2023	3130A1XJ2	650,000.00	FHLB Note 2.875% Due 6/14/2024	0.000		9,343.75	0.00	9,343.75	0.00

Transaction Ledger

As of December 31, 2023



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
OTHER TRANSACTIONS										
Interest	12/15/2023	74340XCG4	450,000.00	Prologis LP Callable Note Cont 5/15/2028 4.875% Due 6/15/2028	0.000		10,176.56	0.00	10,176.56	0.00
Interest	12/31/2023	91282CBC4	700,000.00	US Treasury Note 0.375% Due 12/31/2025	0.000		1,312.50	0.00	1,312.50	0.00
Interest	12/31/2023	91282CEW7	550,000.00	US Treasury Note 3.25% Due 6/30/2027	0.000		8,937.50	0.00	8,937.50	0.00
Subtotal			7,775,000.00				91,059.89	0.00	91,059.89	0.00
Dividend	12/04/2023	60934N807	90.00	Federated Investors Govt Oblig Fund Inst.	0.000		134.45	0.00	134.45	0.00
Subtotal			90.00				134.45	0.00	134.45	0.00
TOTAL OTHER TRANSACTIONS			7,775,090.00				91,194.34	0.00	91,194.34	0.00

Statement of Compliance

As of December 31, 2023



Walnut Valley Water District

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

Category	Standard	Comment
U.S. Treasuries	No Limitation; US Treasury Bills, Notes, and Bonds	Complies
Federal Agencies	30% max per Agency/GSE issuer; 20% max callable agency securities; Federal agencies or U.S. government-sponsored enterprise obligations, participations, or other instruments, including those issued or fully guaranteed as to principal and interest by federal agencies or U.S. government sponsored enterprises.	Complies
Supranational Obligations	"AA" rating category or higher by a NRSRO; 30% max; 10% max per issuer; USD denominated senior unsecured unsubordinated obligations; Issued or unconditionally guaranteed by IBRD, IFC, or IADB	Complies
Municipal Securities	No Limitation; Bonds issued by the District; Registered state warrants or treasury notes or bonds issued by the State of California; Bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state, or by a department, board, agency, or authority of any of the other 49 states, in addition to California; Bonds, notes, warrants or other debt issued by a local agency within the State of California, including pooled investment accounts sponsored by the State of California, County Treasurers, or other local agencies or joint powers agencies.	Complies
Corporate Medium Term Notes	"A" rating category or higher by a NRSRO; 30% max; 5% max per issuer; Issued by corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state and operating within the U.S.	Complies
Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, Collateralized Mortgage Obligations	"AA" rating category or better by a NRSRO; 20% max combined; From issuers other than the U.S. Treasury or a U.S. Federal Agency/GSE	Complies
Negotiable Certificates of Deposit (NCD)	30% max; 5% max per issuer; Issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally-licensed or state-licensed branch of a foreign bank	Complies
Certificate of Deposit Placement Service (CDARS)	50% max; Placement service deposits, including certificates of deposit, at a commercial bank, savings and loan association or credit union that uses a private sector entity that assist in the placement of deposits	Complies
Banker's Acceptances	40% max; 5% max per issuer/commercial bank; 180 days max maturity	Complies
Commercial Paper	"Prime quality of the highest rating or "A-1" rated or better by a NRSRO; Issued by an entity that is either: a. (i) organized and operating within the U.S. as a general corporation with assets > \$500 million; (ii) "A" rating or better by a NRSRO, if issuer has debt obligations; b. (i) organized within the U.S. as a special purpose corporation, trust, or limited liability company; (ii) have program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond; (iii) rated "A-1" or better by a NRSRO; 25% max; 5% max per issuer; 270 days maturity; 10% maximum of the outstanding commercial paper of any single issuer	Complies
Mutual Funds and Money Market Mutual Funds	i) Highest rating by two NRSROs; or (ii) Retained an investment adviser registered or exempt from SEC registration with > 5 years experience managing money market mutual funds with AUM >\$500 million; 20% max combined Money Market Mutual Funds and Mutual Funds; 20% max per Money Market Mutual Fund ; 10% max per Mutual Fund; Mutual Fund maturity defined as the weighted average maturity; Money Market Mutual Funds must have an average maturity of 60 days or less	Complies
Local Agency Investment Fund (LAIF)	No Limit	Complies

Repurchase Agreements/ Reverse Repurchase Agreements	1 year max maturity; Subject to further limitation by California Government Code, which, if applicable, may limit to 92 days max maturity for Reverse repurchase agreements; 102% collateralized; Not used by Investment Adviser	<i>Complies</i>
Max Per Issuer	5% max per issuer, except the US Government, its Agencies and enterprises, LAIF, or unless otherwise specified in the investment policy	<i>Complies</i>
Maximum Maturity	5 years	<i>Complies</i>

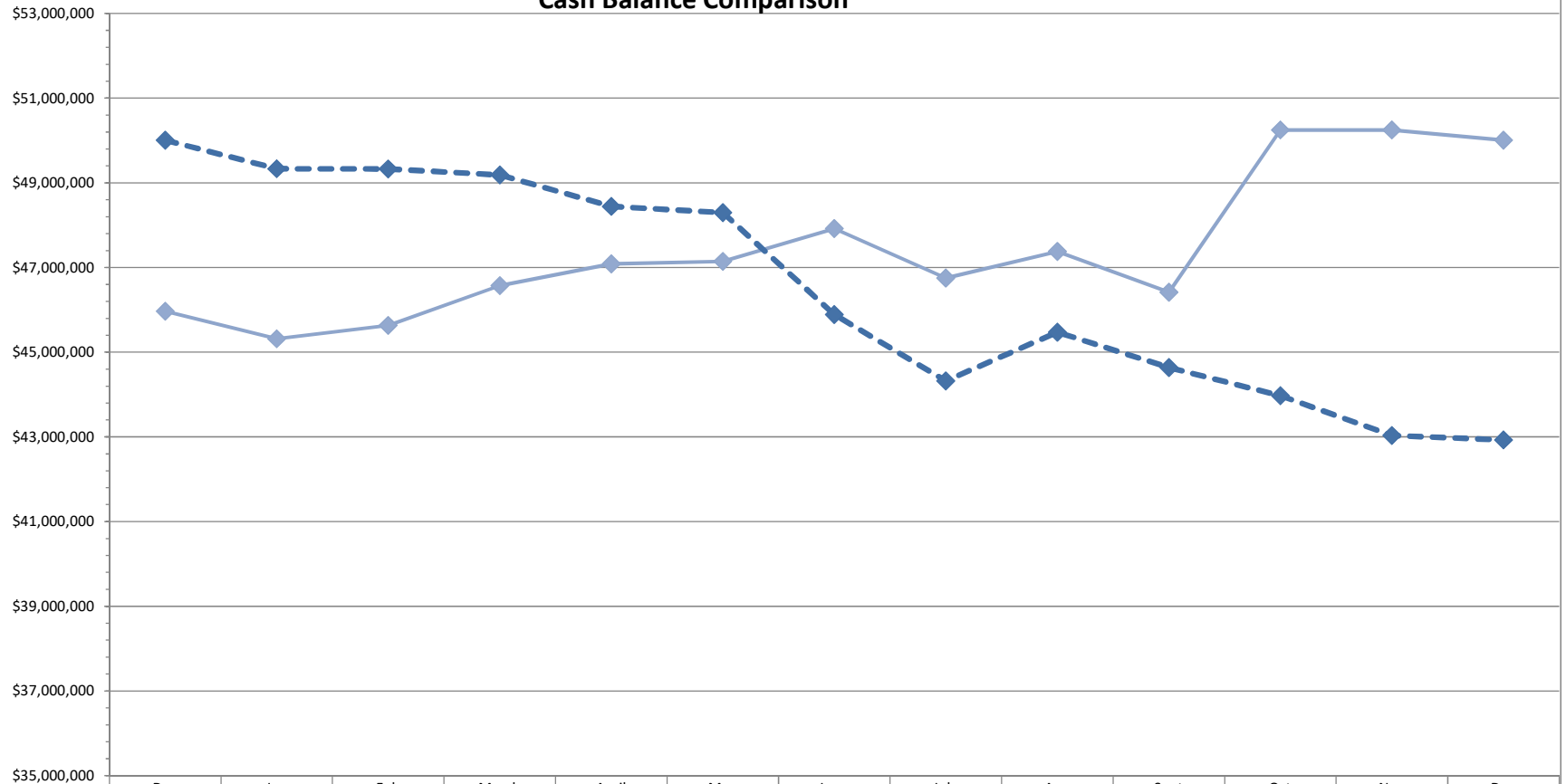
Net of Fees Performance Report

December 31, 2023



	Porfolio	Index
Period	Net of 10.9 bps annual fee	*ICE BofA 1-5 Yr US Government
1 month	1.34%	1.48%
3 months	2.95%	3.10%
Year to Date	4.53%	4.32%
Last 12 Months	4.53%	4.32%
Inception Date	7/31/2009	7/31/2009
Since Inception	22.08%	19.78%
Annualized Since Inception	1.39%	1.26%

Walnut Valley Water District Cash Balance Comparison



12/2021-12/2022	\$45,966,185	\$45,318,554	\$45,633,897	\$46,571,079	\$47,088,069	\$47,145,006	\$47,922,201	\$46,751,912	\$47,380,155	\$46,417,560	\$50,248,819	\$50,248,819	\$50,007,632
12/2022-12/2023	\$50,007,632	\$49,334,092	\$49,329,596	\$49,184,641	\$48,443,917	\$48,299,033	\$45,889,232	\$44,322,236	\$45,472,657	\$44,639,576	\$43,974,194	\$43,035,525	\$42,927,963

Walnut Valley Water District
Revenue Bond - East West Bank
Life to Date
December 31, 2023

Bond Proceeds		\$	19,940,487.80
Disbursements:			
<u>Cost of Issuance</u>			
Fieldmann, Rolapp & Associates (Financial Advisors)	\$		(26,270.57)
Hawkins, Delafield & Wood, LLP. (Bond Counsel)			(45,000.00)
Union Bank, N.A. (Trustee)			(3,708.00)
Standard & Poor's Rating Services (Credit Rating)			(17,000.00)
Image Master (Official Statement)			(3,158.31)
Hawkins Delafield & Wood (Bond Counsel)			(1,743.31)
			(96,880.19)
<u>Projects</u>			
Puente Basin Water Agency - Pomona Basin ¹			(2,052,008.87)
Puente Basin Water Agency - LHHCWWD Project ¹			(350,566.00)
Puente Basin Water Agency - CDWC Project ¹			(4,090,549.30)
Puente Basin Water Agency - Pathfinder Project ⁴			-
Administration Headquarters ¹			(7,422,147.10)
Water Rights - Central Basin			(3,630,907.50)
			(17,546,178.77)
<u>Substitute Projects</u>			
Ace Nogales Grade Separation (P#03-2820) ²			(706,545.61)
Ridgeline Pump Station Modifications (P#12-3267) ³			(221,195.68)
30 kw Diesel Portable Generator (P#13-3290) ³			(39,490.70)
			(967,231.99)
Interest Income			516,677.62
Ending Balance of Bond Funds		\$	1,846,874.47

* Transferred funds from US Bank to East West Bank 8/23/2021

Walnut Valley Water District
 Revenue Bond - East West Bank
 December 31, 2023

Beginning Balance of Bonds		\$	1,846,325.63
Receipts:			
Interest Income			548.84
Disbursements:			
PBWA - Pomona Basin Project			
PBWA - Cal Domestic Project	-		
PBWA - Pathfinder Project	-		
Administration Headquarters	-		
	-		
	-	\$	-
<hr style="border: 0.5px solid black;"/>			
Ending Balance of Bond Funds		\$	<u><u>1,846,874.47</u></u>

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
SUBMITTED BY: Director of Operations
DATE: January 16, 2024
SUBJECT: Replacement of SCADA Surveillance Network Video Recording (NVR)

Action/Discussion Fiscal Impact Resolution Information Only

Recommendation

1. Request the Board of Directors authorize the appropriation of \$56,174.79 from the Reserve for Replacement.
2. Request the Board of Directors to authorize the General Manager to execute a sole source contract with Applied Technology Group, Inc. (ATG) in the amount of \$48,363.18 for the upgrade and replacement of the Surveillance Network Video Recording (NVR) located at the Districts SCADA backbone sites.

Background Information

The Walnut Valley Water District's Milestone surveillance system was installed in 2015 using four Milestone M30 NVR units. The units are located at the backbone sites of the District Main Office, Arbor Ridge, Terminal Storage, and Armitos. All units are in operation. However, there are a few hardware issues that have caused end-of-life concerns.

The first is the operating software compatibility with new-generation PTZ Cameras. The NVRs will record the video footage, but the PTZ controls from the software are not operating. The manufacturer is no longer updating the M30 Husky software device package to support new cameras.

The second is the hard drive space to store data for longer storage time. The 2TB hard drive size times the number of surveillance cameras only allows for a few days of video storage. The NVR's hard drives cannot be upgraded to support larger drives.

The third is that the camera licenses have reached their limits. It is not possible to add additional cameras to the NVRs. This limitation, with the limited video storage, makes requesting larger license keys not recommended.

In short, the NVR Surveillance system has reached its limits, and it is time to upgrade to the new Milestone platform, which will support the District for many years.

District staff solicited a proposal from ATG to provide their services to complete upgrade, replacement, and testing for the subject Project. The proposal from ATG is for an amount not to exceed \$48,363.18. The District did not pursue proposals from other consultants because ATG is uniquely qualified to perform the work required for the Surveillance Network Video Recording (NVR) upgrade and replacement project.

Funds for the upgrade and replacement of the Surveillance Network Video Recording (NVR) in the amount of \$56,174.79, were not budgeted in the FY 2023-24 Capital Investment Program budget and are requested from Reserve for Replacement.

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
SUBMITTED BY: Director of Operations
DATE: January 16, 2024
SUBJECT: Replacement of Badger Endpoints by Concord

Action/Discussion Fiscal Impact Resolution Information Only

Recommendation

Request the Board of Directors authorize the General Manager to execute an Installation Services Agreement contract with Concord Utility Services in the amount of \$494,923.40 for the installation of 13,046 Badger Endpoints.

Background

In the past, District staff has installed the endpoints, which is a considerable amount of work both in the field and in the office, and typically results in delays of other ongoing maintenance priorities. To expedite this work without impacting other programs, staff has contacted Concord Utility Services (Concord) regarding the installation. 13,046 Endpoints will be installed to complete AMI in the District.

Concord will use its cloud-based platform to load and upload all information electronically, eliminating the need for paperwork and lengthy data entry by District staff. Once they replace the endpoints, the information is sent to their quality control (QC) department. After their QC approves the work (typically takes one working day) that information is sent to the district electronically and staff will upload the information into the billing system. Concord has stated they can complete all work before April 2024 if they begin work mid to late January 2024.

Adequate funds for the work are in the Fiscal Year 2023-24 CIP Budget.

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
SUBMITTED BY: Assistant General Manager
DATE: January 16, 2024
SUBJECT: Authorize the General Manager to Execute the Groundwater Pumping and Supply Agreement

Action/Discussion Fiscal Impact Resolution Information Only

Recommendation

The Board authorizes the General Manager to execute the Groundwater Pumping and Supply Agreement with the City of Industry and Rowland Water District.

Background

In 2016, construction began on the Fullerton Road Grade Separation Project (Project) by the Alameda Corridor – East Construction Authority (ACE) for the City of Industry (Industry). This project lowered Fullerton Road under the existing Union Pacific railroad tracks in the City of Industry and unincorporated area of Los Angeles County, between Rowland Street and State Route 60. Due to high groundwater levels in the vicinity of the Project, a permanent groundwater dewatering system was included in the Project design to resolve flooding issues. Rowland Water District, which pumps groundwater from wells in the vicinity of the Project, was willing to take delivery of groundwater produced by the dewatering system for use in its recycled water system.

In preparation for the Project and other joint recycled water system improvements, Industry, Rowland, and Walnut Valley Water District (Walnut) desired to enter into a Groundwater Pumping and Supply Agreement (Agreement) to facilitate, among other things:

- 1) The manner in which the groundwater pumping system will be constructed, operated, and maintained, the water rights associated with such extraction, Rowland and Industry's contributions toward the costs of the New Rowland Recycled Water Line;
- 2) The construction and operation of the Recycled Water Line Segment;
- 3) The construction and operation of the Fairway Pump Station, including the acquisition of the necessary site;
- 4) The transfer of the Industry Water Improvements to Walnut; and
- 5) Walnut's provision of recycled water to the Industry Benefited Properties at the established Industry Wheeling Rate.

Walnut, in partnership with Industry, Rowland, and legal counsel was instrumental in preparing the Agreement, which has been approved by Industry City Council and Rowland's Board of Directors. Therefore, Staff recommends the Board of Directors authorize the General Manager to execute the Agreement.

Attachment:

- *Groundwater Pumping and Supply Agreement*

GROUNDWATER PUMPING AND SUPPLY AGREEMENT

This Groundwater Pumping and Supply Agreement (“**Agreement**”) is effective as of December 14, 2023 (“**Effective Date**”), between the CITY OF INDUSTRY, a California municipal corporation and charter city (“**Industry**”), the ROWLAND WATER DISTRICT, a county water district (“**Rowland**”), and the WALNUT VALLEY WATER DISTRICT, a California water district (“**Walnut**”). Industry, Rowland and Walnut are sometimes individually referred to as a “**Party**” and, collectively, as the “**Parties**.” The Parties agree as follows:

RECITALS

- A. Industry is a member of the San Gabriel Valley Council of Governments, a California Joint Powers Authority, acting in furtherance of the Alameda Corridor – East Construction Authority Project (“**ACE**”), which is constructing, on behalf of Industry, a grade separation project under the Union Pacific Railroad (“**UPRR**”) line (Los Angeles subdivision) where it crosses Fullerton Road (the “**Fullerton Road Grade Separation Project**” or “**Project**”).
- B. Fullerton Road is a public right-of way, and the area of the Project is located in Industry as depicted on the attached Exhibit A. The Project is also entirely within the boundaries of Rowland and within the Puente Basin groundwater basin in which both Industry and Rowland have rights to extract groundwater.
- C. Because of the high ground water levels in the vicinity of the Project, the Project is subject to flooding by groundwater infiltration, and a permanent groundwater pumping dewatering system has been included in the Project design to resolve the flooding issues. This system includes a subdrain piping system, which will enable ground water to gravity flow into a pumping vault located within the street-raised median within Fullerton Road.
- D. Rowland provides potable and recycled water service to customers within its boundaries. Rowland pumps groundwater from wells in the vicinity of the Project and has determined that the groundwater produced is suitable for use as recycled water. Therefore, Rowland is willing to take delivery of the groundwater produced by the dewatering system for use in its recycled water system.
- E. Dual 25 horsepower electric pumps will be installed within the pumping vault to pump the groundwater by means of connecting facilities into Rowland’s nearby recycled water distribution system for the exclusive use of Rowland. The dewatering system is designed for a flow rate of 150 gallons of groundwater per minute. The system also includes a 12-inch gravity pipe between the groundwater pump station and the stormwater pump station owned and operated by Industry, with a valve that normally will be closed and will only be opened to connect the two pump stations under the conditions specified in this Agreement.
- F. The portion of the Project consisting of the groundwater pump vault, the pumps and related electrical facilities necessary to operate the pumps are referred to in this Agreement as the “**Fullerton Groundwater Pumping System**” or “**Ground Water Pumping System**.” The Groundwater Pumping System is depicted on the attached Exhibit A to this Agreement.

- G. Rowland has reviewed and approved the design plans for the Groundwater Pumping System.
- H. In 2010, Rowland installed a 24-inch recycled water line (“**Existing Rowland Recycled Water Line**”) in Fullerton Road underneath the UPRR mainline tracks, which line must be relocated to accommodate the Project at an estimated cost of \$2 million. The Existing Rowland Recycled Water Line is depicted on the attached Exhibit B. This Line was installed under a permit issued by Industry and as such the full relocation expenses would normally be borne by Rowland. At the time the permit was issued, however, Industry was unaware of the Project and recognizes that Rowland may have postponed the installation of this recycled water line had there been knowledge of the Project prior to 2010. Prior to the placement of the roadway paving for the Project, Rowland will trench and install a new 24-inch recycled water line (“**New Rowland Recycled Water Line**”) in the location depicted on Exhibit B. This approach will eliminate the need to bore a replacement 24-inch line and will result in considerable cost savings. In consideration of Rowland’s commitment to ensure that Fullerton Road is free from rising groundwater in the future, Industry is prepared to contribute to Rowland’s costs for the New Rowland Recycled Water Line up to a maximum total contribution of \$1.1 Million Dollars as provided in this Agreement.
- I. To enhance the Parties’ abilities to provide or utilize recycled water within their respective jurisdictions, the Parties desire to construct a recycled water line segment (“**Recycled Water Line Segment**”) from Nogales Street to Fairway Drive within an Industry-owned easement in order to connect Rowland’s recycled water system to Walnut’s recycled water system. The proposed location of the Recycled Water Line Segment is depicted on the attached Exhibit C.
- J. The Recycled Water Line Segment will be designed and constructed by Walnut, with cost shared equally among Walnut, Rowland, and Industry.
- K. In order to transfer water from the lower pressure zone of the Rowland recycled water system to the higher-pressure zone of the Walnut recycled water system and to ensure the proper flow of recycled water between the systems, a new pump station must be constructed at Fairway Drive in Industry (“**Fairway Pump Station**”) in the location depicted on the attached Exhibit D, which location is on land currently owned by Industry. The Fairway Pump Station will be designed and constructed by Walnut at its sole expense. Upon completion, the Fairway Pump Station will be owned and operated by Walnut as provided in this Agreement.
- L. Industry has paid for and Walnut has constructed two water wells within Industry at the following locations: 21535 Baker Parkway and 20405 Business Parkway, together with a groundwater pump station located at the undercrossing of Grand Crossing Parkway beneath the UPRR. Due to the presence of groundwater above the roadway surface of Grand Crossing Parkway, the pump station (**Grand Crossing Groundwater Pump Station**) was subsequently constructed to keep the undercrossing serviceable. The two wells and the pump station are collectively referred to as the “**Industry Water Improvements**” and their locations are depicted on the attached Exhibit E. Walnut presently operates these improvements, which discharge the extracted groundwater directly into the Walnut recycled water system. The Industry Water Improvements will be conveyed to

Walnut in consideration for Walnut supplying recycled water to certain Industry-owned properties at specified rates as provided in this Agreement.

M. The Industry-owned properties, including public rights-of-way, that will be entitled to receive recycled water from Walnut are collectively referred to as the “**Industry Benefited Properties**” and are depicted on the attached Exhibit F.

N. The Parties desire to enter into this Agreement to establish, among other things: (1) the manner in which the Fullerton Road Grade Separation Groundwater Pumping System will be constructed, operated and maintained, the water rights associated with such extraction, and Rowland’s and Industry’s contributions towards the costs of the New Rowland Recycled Water Line; (2) the construction and operation of the Recycled Water Line Segment; (3) the construction and operation of the Fairway Pump Station, including the acquisition of the necessary site; (4) the transfer of the Industry Water Improvements to Walnut; and (5) Walnut’s provision of recycled water to the Industry Benefited Properties at established rates.

1. Fullerton Groundwater Pumping System.

1.1 Construction of Groundwater Pumping System and Relocation of the Rowland Existing Recycled Water Line.

1.1.1 The Parties acknowledge and agree that the design and construction costs of the Fullerton Grade Separation Project, including the Fullerton Groundwater Pumping System, are the responsibility of ACE, acting on behalf of Industry, in accordance with the Agreement Regarding the Construction of Grade Crossing Safety Improvements and grade Separation Projects by ACE, and related amendments.

1.1.2 The design and construction costs for the New Rowland Recycled Water Line are the responsibility of Rowland; provided, however, that upon completion of the New Rowland Recycled Water Line and submission to Industry of reasonable documentation of the costs incurred by Rowland, Industry will pay Rowland 50 percent of such costs, in an amount not to exceed \$1.1 million dollars. Rowland shall comply with all laws, rules and ordinances applicable to the construction of the New Rowland Recycled Water Line, including, but not limited to, all competitive bidding requirements for public projects.

1.1.3 During the construction of the Project and the New Rowland Recycled Water Line, Rowland will have the right to review and approve the plans and submittals and provide direction to ACE’s contractor for all requests for information with respect to the work.

1.1.4 Upon completion of the Groundwater Pumping System, Rowland will provide written notice (“**Transfer and Acceptance Notice**”) to Industry that the improvements have been constructed in accordance with the plans and specifications and that Rowland shall take over ownership of the Groundwater Pumping System in accordance with this Agreement.

1.2 Operation and Maintenance of Groundwater Pumping System.

1.2.1 Upon Industry's receipt of the Transfer and Acceptance notice, Rowland will thereafter be solely responsible for the operation and maintenance of the Groundwater Pumping System, including all electrical and other costs associated with the operation and maintenance of the Groundwater Pumping System.

1.2.2 Rowland covenants that it will continuously operate and maintain the Groundwater Pumping System in a manner consistent with standard operating practices for similar public facilities and in any event at a level no less than that of its other facilities, except as specifically provided in this Section 1.2.

1.2.3 Rowland acknowledges and agrees that neither Industry nor Walnut will have any obligation with respect to the repair or replacement of the Groundwater Pumping System, it being understood and agreed that all such long-term capital replacement costs for the facility are the sole obligation of Rowland, except for the sub drain and drainage system that provides water to the Groundwater Pumping System. Industry shall retain ownership of that sub drain and drainage system and be responsible for all future maintenance and replacement costs of those facilities.

1.2.4 If Rowland is unable to convey the pumped groundwater into its recycled water system due to any cause beyond the reasonable control of Rowland, including but not limited to power failure, unusual weather event, accident or other emergency situation, Rowland will have the right to open the valve to the stormwater pump station so that the water may be discharged through that system. If the stormwater pump station fails to operate properly in an emergency or other situation where Rowland has opened the valve to the stormwater pump station, then upon reasonable notice by Rowland, and if necessary to reduce the risk of flooding to public safety, Industry will cause the Fullerton Road underpass to be shut down to traffic. To the extent not caused by the negligence or willful misconduct of Rowland or the breach of any obligation under this Agreement, Industry agrees that Rowland will not be liable for any cost or damage resulting from the discharge of any pumped groundwater into the stormwater pump station and agrees to hold Rowland harmless from claims arising out of a closure of Fullerton Road due to failure of the stormwater pump station to adequately remove the groundwater from Fullerton Road. Said groundwater pump station valve is shown on Exhibit A.

1.2.5 Industry is solely responsible for the operation and maintenance of the stormwater pump station, including any required National Pollution Discharge Elimination System ("**NPDES**") permit for the discharge of any groundwater from the Groundwater Pumping System.

1.3 License to Operate and Maintain Groundwater Pumping System. Industry hereby grants Rowland, and its officers, employees, contractors, and agents a perpetual license in, on, over, across and under the respective property of Industry within the Fullerton Road right-of-way for the purpose of operating and maintaining the Groundwater Pumping System, including, without limitation, the maintenance and repair of all surface and underground pipelines and laterals, mains, manholes, vaults, pumps, regulators, valves, wiring, and all other underground and surface structures appurtenant to the Groundwater Pumping System or necessary for the operation, maintenance, and repair of the System. The license granted by this Agreement includes all rights incidental or reasonably necessary to Rowland's obligation to operate, maintain, and repair the facilities

that comprise the Groundwater Pumping System, and the right of access, ingress and egress for such purposes.

Rowland shall not cause or permit to be filed, recorded or enforced against Industry's property, or any part thereof, any mechanics', material men's, contractors' or subcontractors' liens arising from Rowland's license to enter the property, or any claim or action affecting the title to the property, arising from Rowland's license, and Rowland shall pay or cause to be paid, or otherwise remove or bond over, the full amount of all such liens or claim within fifteen (15) days of receiving written notice thereof. In addition to and not in limitation of Industry's other rights and remedies under this Agreement or under law, should Rowland fail within fifteen (15) business days of a written notice from Industry to pay and discharge or bond over any lien arising out of Rowland's use of and work on the property, then a material breach under this Agreement shall be deemed to have occurred which, at Industry's election, shall entitle Industry to terminate this Agreement.

If Rowland desires to contest in good faith the validity of any lien or any claim or demand that could result in a lien against the property or any portion thereof for which Industry could become liable if not successfully resolved, as a condition to such contest, Rowland shall notify Industry of Rowland's intent to contest the lien or claim and the grounds for such contest. Notwithstanding anything to the contrary set forth herein, Rowland shall pay and satisfy any adverse judgment that may be rendered thereon before the enforcement thereof against Industry and the property.

1.4 Groundwater Quality, Rights, Use and Discharge.

1.4.1 Industry makes no representations or warranties as to the quality or quantity of the groundwater that will be available for extraction through the Fullerton Groundwater Pumping System. Rowland assumes at its sole cost all responsibility with respect to the testing, treatment, and discharge of all the groundwater extracted through the Groundwater Pumping System.

1.4.2 Rowland has the right to utilize all groundwater extracted from the Groundwater Pumping System and to discharge such groundwater into Rowland's recycled water system.

1.4.3 Rowland agrees to maintain accurate records of the volume of groundwater extracted by the Groundwater Pumping System and to make such records available to Industry upon reasonable advance notice. All groundwater extracted will be applied towards Industry's existing water rights within the Puente Basin at no charge to Rowland.

1.4.4 In the event that the water quantity or quality of the groundwater extracted by the Groundwater Pumping System is such that Rowland is required to discharge the water to the stormwater pump station instead of into its recycled water system, Rowland may do so upon Industry obtaining any required approvals for such discharge including a NPDES permit as required under applicable law at Industry's sole expense.

1.4.5 Rowland acknowledges and agrees that all groundwater extracted by the Groundwater Pumping System may only be utilized for such uses as are legally permissible under the laws of the State of California and any regulatory agency

having jurisdiction over such groundwater, including the Los Angeles Regional Water Quality Control Board (“**RWQCB**”) and state and local health departments.

1.4.6 Notwithstanding anything above in this Section 1.4 to the contrary, if the quality of the groundwater becomes unsuitable for use as recycled water, either because of deterioration of the quality of the groundwater or the imposition or modification of any statutory or regulatory provisions governing recycled water, by any governmental authority with jurisdiction over Rowland’s recycled water system, Rowland may provide Industry with a written notice stating the reasons for such unsuitability of the groundwater and reasonable documentation supporting such finding (“**Notice of Groundwater Unsuitability**”). Within 30-days of receipt of a Notice of Groundwater Unsuitability, the Parties must schedule a meeting to review the Notice and Rowland’s supporting documentation, and discuss methods to potentially address Rowland’s concerns regarding the quality of the groundwater extracted, including the potential installation of a small package treatment facility or alternative discharge options. If following such meeting or any additional meetings to which the Parties may collectively agree to conduct, a mutually satisfactory agreement is not reached regarding the alleged unsuitability of the groundwater for use as part of Rowland’s recycled water system, then Rowland may, upon at least 18 months’ written notice to the other Parties, or such other timeframe agreed to in writing by the Parties, transfer ownership of the Fullerton Groundwater Pumping System to Industry and upon such transfer Industry will assume all of Rowland’s then existing obligations under this Section 1, it being understood and agreed that such period reflects a reasonable period for Industry to develop and implement an alternative method of discharging the groundwater.

1.5 Industry’s Right to Construct Recycled Water Line. In the event Rowland transfers its obligations under this Section 1 to Industry pursuant to Section 1.4.6, then Industry will have the right to construct a recycled water line from the Fullerton Road Groundwater Pumping System to the intersection of Nogales and Arenth Avenue and connect into the Recycled Water Line Segment.

2. Industry Water Improvements

2.1 Operation and Maintenance of Industry Water Improvements

2.1.1 Walnut will hereafter be solely responsible for the operation and maintenance of the Grand Crossing Groundwater Pump Station, including all electrical and other costs associated with the operation and maintenance of the Grand Crossing Groundwater Pump Station.

2.1.2 Walnut covenants that it will continuously operate and maintain the Grand Crossing Groundwater Pump Station in a manner consistent with standard operating practices for similar public facilities and in any event at a level no less than that of its other facilities, except as specifically provided in this Section 2.1.

2.1.3 Walnut acknowledges and agrees that neither Industry nor Rowland will have any obligation with respect to the repair or replacement of the Grand Crossing Groundwater Pump Station, it being understood and agreed that all such long-term capital replacement costs for the facility will be the sole obligation of Walnut, except for the sub drain and drainage system that provides water to the Groundwater Pumping

System. Industry shall retain ownership of the sub drain and drainage system and be responsible for all future maintenance and replacement costs of those facilities.

2.1.4 If Walnut is unable to convey the pumped groundwater into its recycled water system due to any cause beyond the reasonable control of Walnut, including but not limited to power failure, unusual weather event, accident or other emergency situation, Walnut will have the right to discharge the water to the catch basin feeding the Grand Crossing Groundwater Pump Station. If the Grand Crossing Groundwater Pump Station fails to operate properly in an emergency or other situation where Walnut has discharged the water to the Grand Crossing Groundwater Pump Station, then upon reasonable notice by Walnut, and if necessary to reduce the risk of flooding to public safety, Industry will cause the Grand Crossing Parkway underpass to be shut down to traffic. To the extent not caused by the negligence or willful misconduct of Walnut or the breach of any obligation under this Agreement, Industry agrees that Walnut will not be liable for any cost or damage resulting from the discharge of any pumped groundwater into the Grand Crossing Groundwater Pump Station and agrees to hold Walnut harmless from claims arising out of a closure of Grand Crossing Parkway due to failure of the stormwater pump station to adequately remove the groundwater from Grand Crossing Parkway.

2.1.5 Industry is solely responsible for the operation and maintenance of the stormwater pump station, including any required National Pollution Discharge Elimination System (“**NPDES**”) permit for the discharge of any groundwater from the Grand Crossing Groundwater Pump Station.

2.2 Groundwater Quality, Rights, Use and Discharge.

2.2.1 Industry makes no representations or warranties as to the quality or quantity of the groundwater that will be available for extraction through the Grand Crossing Groundwater Pump Station. Walnut has the right to utilize all groundwater extracted from the Grand Crossing Groundwater Pump Station and to discharge such groundwater into Walnut’s recycled water system.

2.2.2 Walnut agrees to maintain accurate records of the volume of groundwater extracted by the Grand Crossing Groundwater Pump Station and to make such records available to Industry upon reasonable advance notice. All groundwater extracted will be applied towards Industry’s existing water rights within the Puente Basin at no charge to Walnut.

2.2.3 In the event that the water quantity or quality of the groundwater extracted by the Grand Crossing Groundwater Pump Station is such that Walnut is required to discharge the water to the stormwater pump station instead of into its recycled water system, Walnut may do so, at the discretion of Industry, and upon Industry obtaining any required approvals for such discharge including a NPDES permit as required under applicable law at Industry’s sole expense.

2.2.4 Walnut acknowledges and agrees that all groundwater extracted by the Grand Crossing Groundwater Pump Station may only be utilized for such uses as are legally permissible under the laws of the State of California and any regulatory agency having jurisdiction over such groundwater, including the RWQCB and state and local health departments.

2.2.5 Notwithstanding anything above in this Section 2.2 to the contrary, if the quality of the groundwater becomes unsuitable for use as recycled water, either because of deterioration of the quality of the groundwater or the imposition or modification of any statutory or regulatory provisions governing recycled water, by any governmental authority with jurisdiction over Walnut's recycled water system, Walnut may provide Industry with a written notice stating the reasons for such unsuitability of the groundwater and reasonable documentation supporting such finding ("**Notice of Groundwater Unsuitability**"). Within 30-days of receipt of a Notice of Groundwater Unsuitability, the Parties must schedule a meeting to review the Notice and Walnut's supporting documentation, and discuss methods to potentially address Walnut's concerns regarding the quality of the groundwater extracted, including the potential installation of a small package treatment facility or alternative discharge options. If following such meeting or any additional meetings to which the Parties may collectively agree to conduct, a mutually satisfactory agreement is not reached regarding the alleged unsuitability of the groundwater for use as part of Walnut's recycled water system, then Walnut may, upon at least 18 months' written notice to the other Parties, or such other timeframe agreed to in writing by the Parties, transfer ownership of the Grand Crossing Groundwater Pump Station to Industry and upon such transfer Industry will assume all of Walnut's then existing obligations under this Section 2, it being understood and agreed that such period reflects a reasonable period for Industry to develop and implement an alternative method of discharging the groundwater.

2.3 Testing, Transfer, and Operation of Industry Improvements.

2.3.1 Upon completion of the Industry Improvements, Walnut must successfully complete a performance test, reasonably acceptable to Industry, to verify that the Industry Improvements will reliably deliver the quantities of water required by the Industry Benefited Properties, which demand is estimated to be 600-acre feet per year.

2.3.2 Upon execution of this Agreement, Industry will transfer title of the Industry Water Improvements, including any and all necessary easements required for the facilities, to Walnut in such form of documentation as is reasonably acceptable to both Walnut and Industry, and such improvements will then become part of the Walnut water system.

2.3.3 Upon transfer of the Industry Water Improvements to Walnut, Walnut, at its sole cost and expense, will be responsible for the operation (including all electrical costs), maintenance, repair and replacement of the Industry Water Improvements in the same manner and to the same standards as similar facilities that are part of the Walnut water system.

3. **Recycled Water Line Segment and Fairway Pump Station.**

3.1 Construction of Recycled Water Line Segment.

3.1.1 The Recycled Water Line Segment from Nogales to Fairway Drive will be designed and constructed by Walnut, which will be solely responsible for all such design and construction costs. Walnut will also be the lead agency for the environmental review of the Recycled Water Line Segment in accordance with the California Environmental Quality Act. Walnut will also be responsible for securing and maintaining any necessary permits or other governmental approvals relating to the construction and

operation of the Recycled Water Line Segment. Walnut shall comply with all laws, rules and ordinances applicable to the construction of the Recycled Water Line Segment, including, but not limited to, all competitive bidding requirements for public projects.

3.1.2 The Recycled Water Line Segment will be jointly owned by Walnut, Rowland and Industry to ensure that the groundwater extracted by the Fullerton Road Groundwater Pumping System is continuously discharged and conveyed through Recycled Water Line Segment into the Walnut recycled water system during the term of this Agreement.

3.1.3 Walnut will cause to be prepared the plans and specifications for the construction of the Recycled Water Line Segment and the related bidding documents (collectively, "**Plans and Specifications**"). The Plans and Specifications will be prepared to Walnut's standards, and will be submitted to Industry and Rowland for their reasonable review and approval prior to their use by Walnut. If Rowland or Industry disapprove of any aspect of the Plans and Specifications, such Party must give written notice to Walnut and describe the objections in reasonable detail. Following receipt of such notice by Walnut, the Parties will promptly meet and confer and use reasonable good faith efforts to agree upon acceptable modifications to the Plans and Specifications.

3.1.4 As a part owner of the Recycled Water Line Segment, Industry agrees that the Parties may locate the Recycled Water Line Segment within and use Industry's interest in an existing easement that it has for water line purposes for the project, which easement is located along the northerly side of the San Jose Creek Flood Control Channel as depicted on Exhibit C.

3.2 Construction of Fairway Pump Station.

3.2.1 The Fairway Pump Station will be designed and constructed by Walnut. Walnut will also be the lead agency for the environmental review of the Fairway Pump Station in accordance with the California Environmental Quality Act. Walnut will also be responsible for securing and maintaining any necessary permits or other governmental approvals relating to the construction and operation of the Fairway Pump Station. Walnut shall comply with all laws, rules and ordinances applicable to the construction of the Fairway Pump Station, including, but not limited to, all competitive bidding requirements for public projects.

3.2.2 Walnut will cause to be prepared Plans and Specifications (as defined in Section 3.1 above) for the construction of the Fairway Pump Station in a phased approach after the Recycled Waterline Segment. The Plans and Specifications will be prepared to Walnut's standards.

3.2.3 Industry agrees to timely grant Walnut an easement or such other interest in real property as may be necessary for Walnut to construct, operate and maintain the Fairway Pump Station on Industry-owned land or within any Industry-owned easement. The form and content of such documents will be reasonably acceptable to Industry and Walnut.

3.2.4 Upon completion of the construction of the Fairway Pump Station, Walnut must successfully complete a performance test, reasonably acceptable to Industry,

to verify the Pump Station will reliably deliver the quantities of water from the low-pressure zone of Rowland to the high-pressure zone of Walnut.

4. Purchase, Sale and Delivery of Recycled Water to Industry Benefited Properties.

4.1 License of Industry Water Rights and Payment for Excess Water Extraction. Upon the transfer of the Industry Water Improvements to Walnut, Industry shall permit Walnut to pump and use up to the aggregate amount of Industry's annual pumping rights as published each year by the Puente Basin Watermaster ("**Industry Water Rights**"). In the event that Walnut extracts a greater amount of groundwater under the Industry Water Rights than the amount of recycled water Walnut delivers to the Industry Benefited Properties ("**Excess Water Extraction**"), then Walnut shall exercise the option to either apply Walnut's available pumping rights to the excess pumping or pay Industry within 60 days of the end of such "**Water Year**" (July 1 through June 30) at a price mutually agreed upon by Walnut and Industry for the Excess Water Extraction. Nothing in this Agreement shall give any interest in Industry's adjudicated water rights in the Puente Basin to any other Party.

4.2 Industry Wheeling Rate. In consideration of Industry's contribution towards the costs of the Walnut Improvements and transfer of title to the Industry Water Improvements as provided in Section 4 and the use of the Industry Water Rights as provided in Section 4.1 above, Walnut agrees to sell and Industry agrees to purchase recycled water delivered through Walnut's water system. The price for all such water sold up to the amount of the Industry Water Rights will be at the Industry Wheeling Rate (as determined in accordance with Exhibit G hereto), which is currently \$201.54 per acre foot. Industry also acknowledges and agrees that Walnut's Industry Wheeling Rate may be periodically adjusted by Walnut's governing board like other water rates and charges in accordance with applicable law. The Wheeling Rate shall be determined using the methodology as shown in Exhibit G.

4.3 Rates for Excess Demand. If the demand for recycled water at the Benefited Properties under this Agreement exceeds in a calendar month the production of the Industry Water Improvements, or in any Water Year the aggregate amount of the Industry Water Rights, then the rate for such additional water will be increased to the amount of Walnut's approved "**Wholesale Recycled Water Rate**" as it may be adjusted by Walnut's governing board under applicable law from time to time. Walnut's current Wholesale Recycled Water Rate is \$375.46 per acre foot. The Wholesale Recycled Water Rate will not apply if Walnut is unable to meet the water demands on the Industry Benefited Properties with groundwater or recycled water and must use imported potable water supplied by the Metropolitan Water District or other water wholesaler. In that event, the rate for such excess water demand will be at Walnut's then approved "**Potable Water Rate**," which is currently \$1,336.98 per acre foot. Industry acknowledges and agrees that Walnut's Potable Water Rate may be periodically adjusted by Walnut's governing board in accordance with applicable law.

4.4 Meters. Walnut will cause to be installed, at Industry's expense, water meters to measure the quantity of water delivered to those service meters within the Industry Benefited Properties. Walnut will invoice Industry for the cost and installation of such meters. Upon installation, Walnut will maintain, at its own expense, including any required testing of such meters. All amounts invoiced by Walnut for the recycled water or

other water delivered to the Industry Benefited Properties must be based upon the quantities measured by these meters. Industry will have the full right of access to all such meters, and to inspect and copy Walnut's records pertaining to the measurement of water flows through such meters.

4.5 Recycled Water Volume. Industry acknowledges and agrees that Walnut makes no guarantee, warranty or representation with respect to the volume of recycled water available for delivery to the Industry Benefited Properties; provided, however, that Walnut will use reasonable efforts to ensure the availability of recycled water equal to that delivered by Walnut throughout its water system.

4.6 Recycled Water Pressure. Walnut makes no guarantee, warranty or representation with respect to a minimum pressure available to the Industry Benefited properties or to the consistency of the water pressure.

4.7 Recycled Water Quality. To the extent recycled water is delivered to the Industry Benefited Properties, the recycled water must be of a quality satisfactory for irrigation purposes in accordance with Title 22, Division 4 of the California Code of Regulations, and any other applicable regulations of any federal, state or local governmental regulatory agency with jurisdiction over the production, delivery and use of such recycled water, including the RWQCB, the State Water Resources Control Board, Division of Drinking Water (“**SWRCB-DDW**”), and the Los Angeles County Environmental Health Department (LACEHD).

4.8 Recycled Water Uses. Industry understands and agrees that all recycled water delivered by Walnut to the Industry Benefited Properties has restricted uses and will be used at the Benefited Properties solely for legally permissible purposes under the laws of the State of California and any regulatory agency having jurisdiction over recycled water use, including RWQCB, SWRCB-DDW, and LACEHD. Walnut will promptly inform Industry of any change that it becomes aware of in any such legally permissible uses that might affect the use of the recycled water at the Benefited Properties.

4.9 Billing and Payment. Walnut will invoice Industry monthly for the amount of recycled or other water delivered to the Industry Benefited Properties during the prior month. Payment for all invoices is due within 30 days of receipt of the invoice. Any protest of an invoice by Industry must be accompanied by payment of the disputed amount and will be subject to Walnut's adopted appeal procedures for its customers. Industry has the right to periodically review Walnut's water usage and metering records as they pertain to the delivery of recycled water to the Industry Benefited Properties.

5 Indemnification.

5.1 By Rowland. Rowland agrees to indemnify, protect, defend and hold harmless Industry and Walnut from and against any and all claims, losses, liabilities, damages, fines, penalties, actions, causes of action, judgments, costs and expenses (including, without limitation, attorneys' fees and costs) (collectively “**Claims**”) arising out of or relating to the operation, maintenance, or use of the Groundwater Pumping System and all groundwater extracted by the System, including the distribution, sale or discharge of any such groundwater except into Industry's storm drain system. Notwithstanding the foregoing, as set forth in Section 1.2.4, Rowland will have no liability for any Claims related to flooding at Fullerton Road caused by the failure of the Groundwater Pumping Station,

except to the extent caused by the negligence or willful misconduct of Rowland. If any action or proceeding is brought against Industry or Walnut by reason of any of the matters against which Rowland has agreed to indemnify Industry and Walnut as provided above, Rowland, upon notice from Industry or Walnut, must defend Industry and Walnut at Rowland's expense by counsel acceptable to Industry and Walnut, such acceptance not to be unreasonably withheld. For the purposes of this Section 4.1, "Industry" and "Walnut" includes their respective officers, officials, employees, agents and volunteers. The provisions of this Section 5.1 do not apply to the extent any Claims are the result of the Industry's or Walnut's negligence or willful acts or omissions, nor do they include indemnification for consequential damages, unless such consequential damages result solely from a wrongful or willful act of Rowland. The indemnity obligations of Rowland in this Section 5.1 will survive the expiration or termination of this Agreement.

5.2 By Walnut. Walnut agrees to indemnify, protect, defend and hold harmless the Industry and Rowland from and against any and all Claims (as defined in Section 5.1 above) arising out of or relating to the operation, maintenance, or use of the Recycled Waterline Segment, the Fairway Pumping Station, the transferred Industry Water Improvements, and its water system, including all groundwater extracted by the system, including the discharge of any such groundwater, except into Industry's storm drain system, or any material breach of this Agreement by Walnut. Notwithstanding the foregoing, as set forth in Section 2.1.4, Walnut will have no liability for any Claims related to flooding at Grand Crossing Parkway caused by the failure of the Grand Crossing Groundwater Pump Station, except to the extent caused by the negligence or willful misconduct of Walnut. If any action or proceeding is brought against Industry or Rowland by reason of any of the matters against which Walnut has agreed to indemnify Industry and Rowland as provided above, Walnut, upon notice from Industry and Rowland, must defend Industry and Rowland at Walnut's expense by counsel acceptable to Industry and Rowland, such acceptance not to be unreasonably withheld. For the purposes of this Section 5.2, "Industry" and "Rowland" includes their respective officers, officials, employees, agents and volunteers. The provisions of this Section 5.3 do not apply to the extent any Claims are the result of the Rowland's or Industry's negligence or willful acts or omissions, nor do they include indemnification for consequential damages, unless such consequential damages result solely from a wrongful or willful act of Walnut. The indemnity obligations of Walnut in this Section 5.2 will survive the expiration or termination of this Agreement.

5.3 By Industry. Industry agrees to indemnify, protect, defend and hold harmless Rowland and Walnut from and against any and all Claims (as defined in Section 5.1 above) arising out of or relating to any material breach by Industry of this Agreement. If any action or proceeding is brought against Rowland or Walnut by reason of any of the matters against which Industry has agreed to indemnify Rowland and Walnut as provided above, Industry, upon notice from Rowland and Walnut, must defend Rowland and Walnut at Industry's expense by counsel acceptable to Rowland and Walnut, such acceptance not to be unreasonably withheld. For the purposes of this Section 5.3, "Rowland" and "Walnut" includes their respective officers, officials, employees, agents and volunteers. The provisions of this Section 5.3 do not apply to the extent any Claims are the result of the Rowland's or Walnut's negligence or willful acts or omissions, nor do they include indemnification for consequential damages, unless such consequential damages result solely from a wrongful or willful act of Industry. The indemnity obligations of Industry in this Section 5.3 will survive the expiration or termination of this Agreement.

6. Default and Remedies.

For any breach by a Party arising from the failure to pay any monetary obligation under this Agreement, the Party to receive such monies must give the breaching Party written notice of such breach and that Party will have 30 days in which to cure the breach by paying all monies owed to the other Party. For any non-monetary breach, the non-breaching Party must give the breaching Party written notice of such breach and that Party will have 60 days to cure such breach. If any breach is not cured within the applicable cure period, the non-breaching Party may either (a) terminate this Agreement, in which case the Parties will have no continuing rights or obligations (other than those that have already accrued or are intended to survive the termination of this Agreement), or (b) seek against the breaching Party any available remedies at law or equity, including the right to receive compensatory damages or to pursue and action for specific performance. Except to the extent expressly provided in this Agreement, no consequential, indirect, special, punitive or similar damages will be payable on any Claims arising under this Agreement.

7. Further Assurances.

The Parties each agree to take all such further actions and to execute and deliver all such other agreements and instruments as may be necessary to more fully carry out the purposes of this Agreement.

8. Assignment.

The rights and obligations of the Parties under this Agreement may not be assigned or transferred without the prior written consent of the other Party or Parties, which consent may be withheld in such Party's reasonable discretion due to the unique, personal rights and obligations under this Agreement.

9. Notices.

All notices between the Parties must be in writing addressed to the recipient Party's notice address specified below and must be given (a) personally (including by commercial courier or next business day delivery service), in which case notice will be deemed to have been given upon delivery to the Party's notice address, (b) by certified mail, return receipt requested, in which case notice will be deemed to have been given on the delivery date indicated on the return receipt, or (c) by United States Mail, in which case notice will be deemed to have been given 3 business days following deposit in the United States Mail. A Party may change its notice address by giving notice to the other Parties. The Notice Addresses for the Parties are:

If to Industry: City of Industry
15625 Mayor Dave Way
City of Industry, California 91744
Attn: Joshua Nelson
Tel: (626) 333-2211

If to Rowland: Rowland Water District
3021 Fullerton Heights
Rowland Heights, California 91748

Attn: Tom Coleman
Tel: (562) 697-1726

If to Walnut: Walnut Valley Water District
271 S. Brea Canyon Blvd.
Walnut, California 91789
Attn: Erik Hitchman
Tel: (909) 595-1268

Failure to give a copy of a notice to the address indicated above will not render such notice ineffective if otherwise given to a Party as provided above.

10. Term and Post Termination Rights.

10.1 The term of this Agreement will be in perpetuity unless terminated by the mutual agreement of all Parties.

10.2 If this Agreement is terminated, then:

10.2.1 The ownership of the Fullerton Groundwater Pumping System and the 4-inch discharge line to Rowland's existing recycled water line in Railroad Street will transfer to Industry and the operation and maintenance responsibilities for the Fullerton Groundwater Pumping System will also be transferred to Industry.

10.2.2 The pumping of groundwater from the Fullerton Groundwater Pumping System will no longer be charged against the pumping rights of Rowland, and Industry will have to acquire or secure or apply its own water rights.

10.2.3 The groundwater extracted from the Fullerton Groundwater Pumping System will belong exclusively to Industry.

11. General Provisions.

11.1 Entire Agreement. This Agreement, including all Exhibits which are made a part of this Agreement, constitutes the entire agreement and understanding of the Parties with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements and understandings of the Parties with respect to such subject matter.

11.2 Amendment; Waiver. No term or provision of this Agreement may be amended, modified or waived orally or by a course of conduct, but only by an instrument in writing duly executed and delivered by the Parties. A waiver of any term or provision of this Agreement will only be effective to the extent specified in the instrument establishing such waiver.

11.3 Interpretation. This Agreement is the result of negotiation between the Parties, each of which has been represented by legal counsel of its choosing. Accordingly, no term or provision of this Agreement is to be interpreted or construed against the Party that drafted such term or provision.

11.4 Compliance with Laws. The Parties shall, in all activities undertaken pursuant to this Agreement, comply and cause their contractors, agents and employees to comply with all federal, state and local laws, statutes, orders, ordinances, rules, regulations, plans, policies and decrees.

11.5 Severability. If any provision of this Agreement is ruled invalid by any court of competent jurisdiction, then the Parties will: (a) promptly negotiate a substitute provision, which will, to the greatest extent legally possible or permissible effect the intent of the Parties in such invalid provision, and (b) negotiate such changes to the remaining provisions of this Agreement as may be necessary to affect the intent of the Parties with respect to the invalid provision. The deemed invalidity of any provision of this Agreement will not affect any of the remaining provisions of this Agreement, and this Agreement will be construed and enforced if such invalid provision did not exist.

11.6 Attorney Fees. If any Party to this Agreement brings an action to enforce the terms hereof or declare rights hereunder, the prevailing party in such action will be entitled to its reasonable attorneys' fees and costs from the losing Party.

11.7 Counterparts; Electronic Signatures. This Agreement may be executed in counterparts, each of which is an original but all of which together constitute but one and the same instrument. This Agreement may be signed by signatures transmitted electronically, including by e-mail or affixed through DocuSign, Adobe e-sign or any similar program. Any such electronically transmitted signature shall be deemed as effective as an original "wet" signature.

[Signatures on the following page]

Groundwater P&S Agreement
Page 16

The Parties have caused this Agreement to be duly executed by their undersigned respective and duly authorized officials, officers, or representatives as of the Effective Date.

CITY OF INDUSTRY

Joshua Nelson, City Manager

ATTEST:

Julie Gutierrez-Robles, City Clerk

APPROVED AS TO FORM:

James M. Casso, City Attorney

ROWLAND WATER DISTRICT

By: _____
Tom Coleman, General Manager

APPROVED AS TO FORM:

Joseph Byrne, General Counsel

WALNUT VALLEY WATER DISTRICT

By: _____
Erik Hitchman, General Manager

APPROVED AS TO FORM:

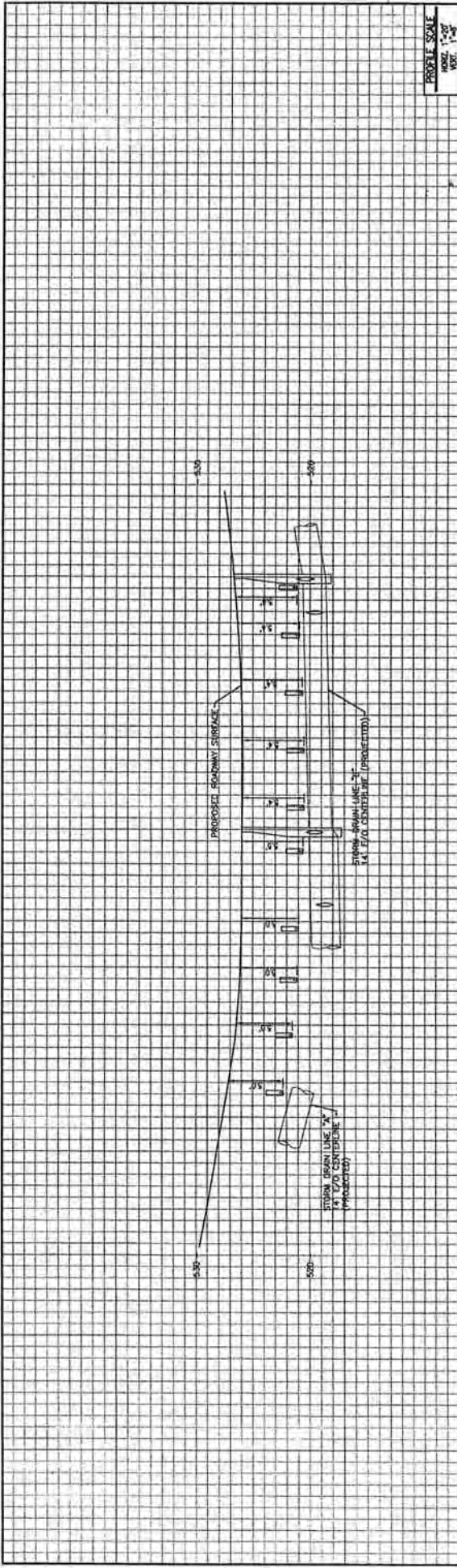
Jim Ciampa, General Counsel

EXHIBIT A

Depiction of Fullerton Groundwater Pumping System
[Attached]

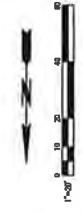
EXHIBIT "A"

DEPICTION OF FULLERTON GROUNDWATER PUMPING SYSTEM

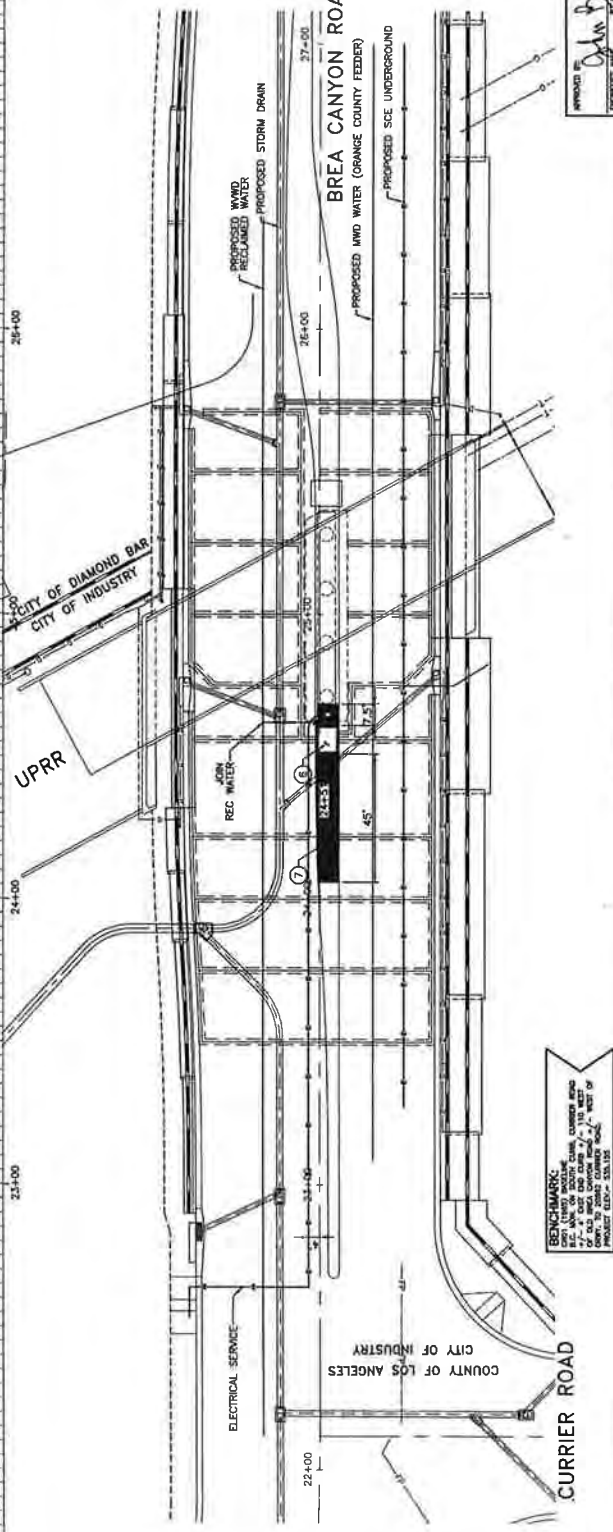


CONSTRUCTION NOTES

- 6 - CONSTRUCT PUMP SYSTEM WITH CONC. VAULT
- 7 - CONSTRUCT 4" THICK CONCRETE PAVEMENT WITH BROOM FINISH IN MEDIAN BETWEEN CURBS



"AS-BUILTS"

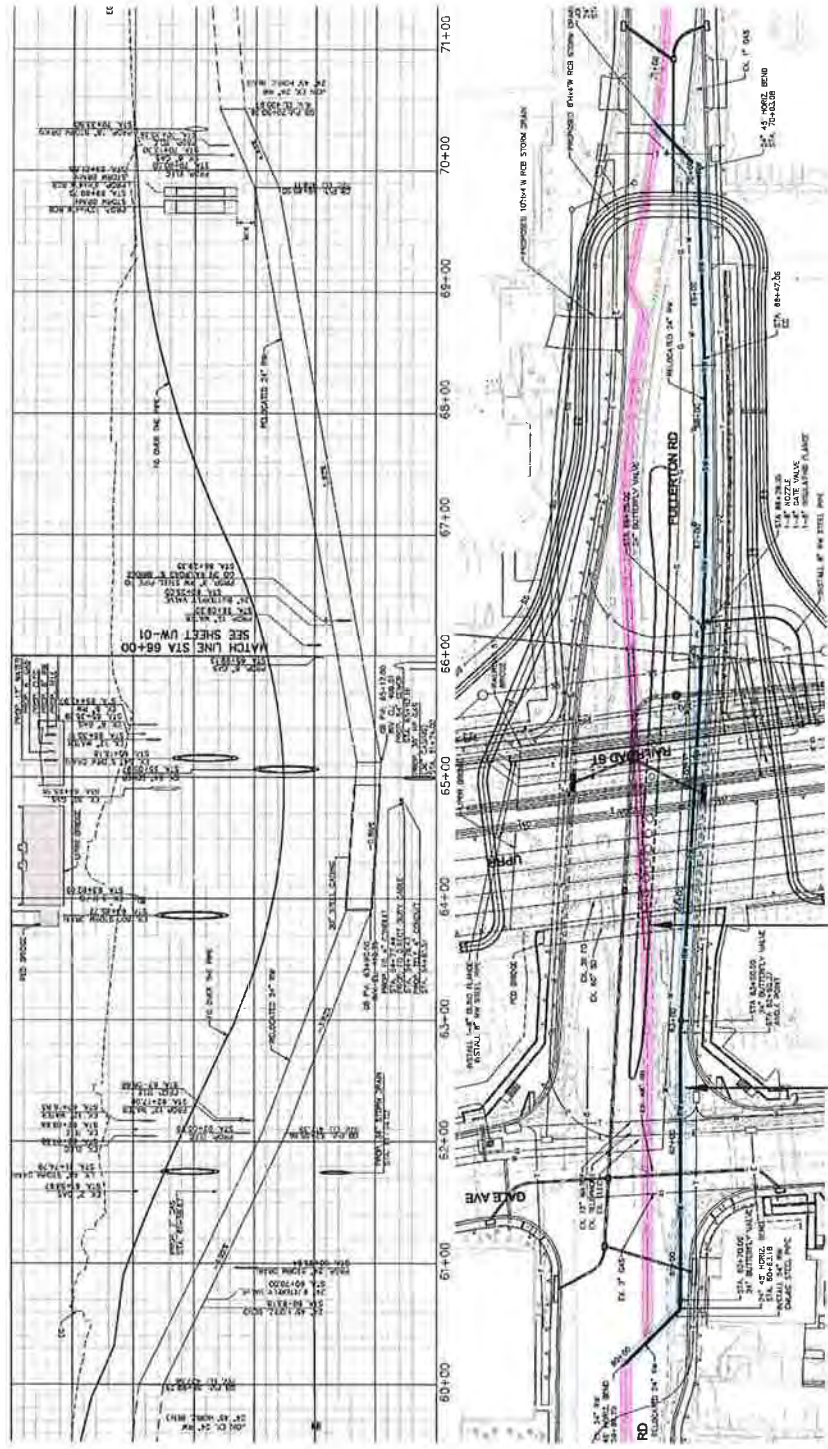


811 DIGI ALERT AT LEAST TWO WEEKS BEFORE ANY WORK IS TO BE DONE PHONE 311 OR VISIT WWW.DIGI-ALERT.COM	NO. 10-001 DATE 10/1/16 DESCRIPTION REFERENCE	NO. 34885 EXP. 06/30/17 No. 34885 Exp. 06/30/17	APPROVED BY: <i>[Signature]</i> CIVILTEC engineering inc. 118 West Lake Avenue Monterey, CA 91016 TEL: (650) 403-2957	DESIGNED: CFB DRAWN: CFB CHECKED: CFB SCALE: AS SHOWN SHEET: 1 OF 8
	APPROVED BY: <i>[Signature]</i> CIVILTEC engineering inc.	CIVILTEC engineering inc.	CIVILTEC engineering inc.	CIVILTEC engineering inc.

EXHIBIT B

**Depiction of Existing Rowland Recycled Water Line and New Rowland Recycled
Water Line**

[Attached]



EXISTING RECYCLED WATER LINE

PROPOSED 24\"/>

 CITY OF INDUSTRY P.O. Box 3386, City of Industry, California 91744 Administration (951) 332-2211	Prepared by:  CNC 1000 S. Western Blvd., Ste. 200 Industry, CA 91744 (951) 332-1338	EXHIBIT "B" RELOCATION OF EXISTING 24" RECYCLED WATER LINE
	SHEET NO. 99-60 #10 SHT. 1 OF 1	

EXHIBIT C

Depiction of Recycled Water Line Segment
[Attached]

PROPOSED 24" RECYCLED WATER LINE

NOGALES STREET

VALLEY BLVD.

FAIRWAY DRIVE

SAN JOSE CREEK

UPRR (LA SUB.)

WALNUT DRIVE NORTH

SR-60

NOT TO SCALE

APPROVED FOR THE CITY OF INDUSTRY BY THE SUPERVISOR OF RECYCLED WATER LINE - CITY ENGINEERING DEPARTMENT - 1/16/2024

Prepared by:
CNC
ENGINEERING
Consulting Civil Engineers - Surveyors
225 N. Hacienda Blvd., Ste. 222
City of Industry, Ca. 91744
Phone (626) 333-0338
Fax (626) 336-7076

CITY OF INDUSTRY
INCORPORATED JUNE 16, 1917.
P.O. Box 3368, City of Industry, California 91744
Administrative Offices: 15651 E. Stafford Street
(626) 333-2211

DEPICTION OF RECYCLED WATERLINE SEGMENT

EXHIBIT "C"

DRAWN BY: CHECKED BY:

JOB NO.: MP 99-60 #10

EXHIBIT D

Depiction of Fairway Pump Station
[Attached]

EXHIBIT E

Depiction of Industry Water Improvements
[Attached]

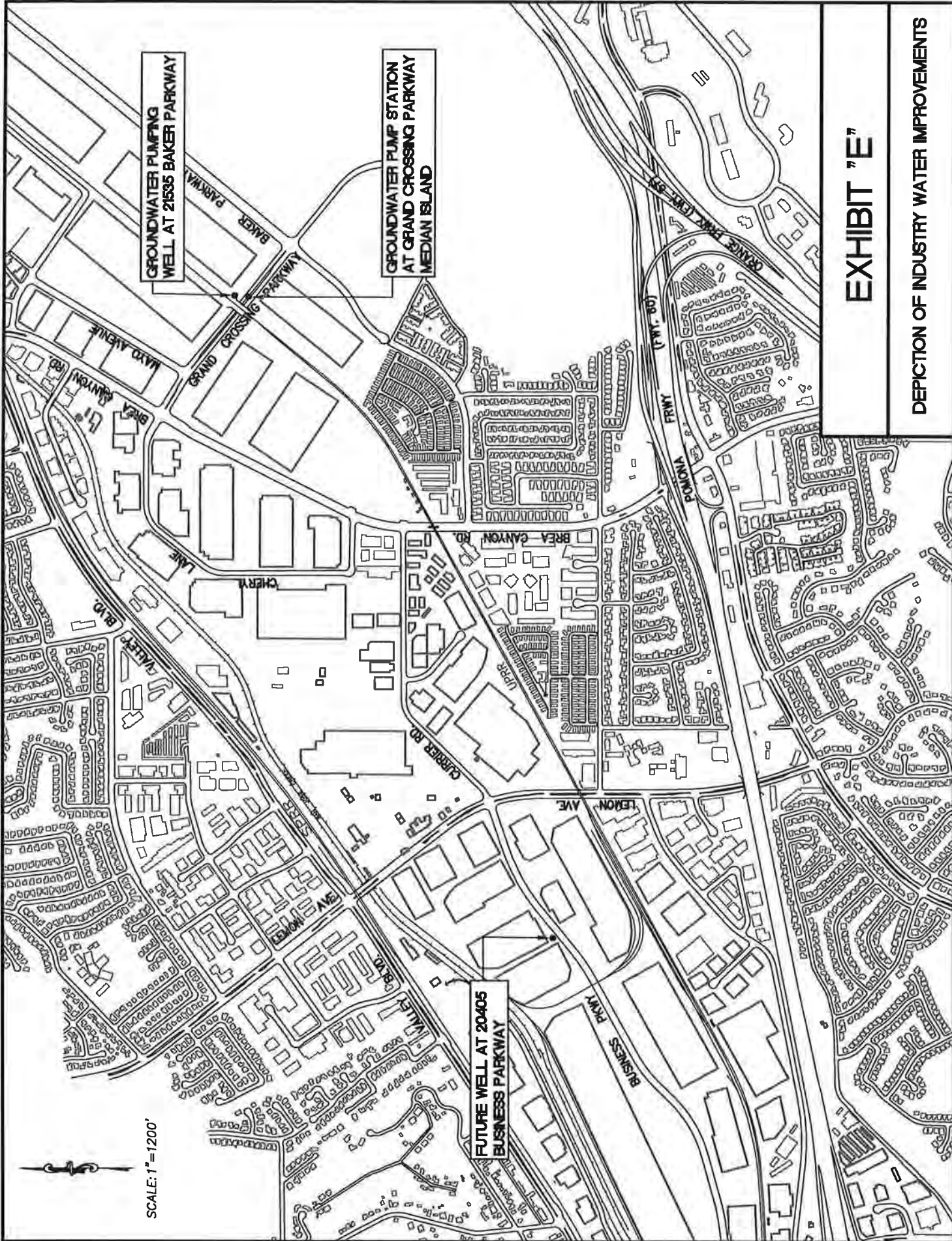


EXHIBIT 'E'

DEPICTION OF INDUSTRY WATER IMPROVEMENTS

EXHIBIT F

Depiction of Industry Benefited Properties

[Attached]

INDUSTRY/COMMUNITY NO. 28 FILLMORE ROAD BRIDGE DEPARTMENT LA TURBIDOCHEMISTRY F - DEPICTION OF INDUSTRY BENEFITED PROPERTIES - CITY OF INDUSTRY - CITY ENGINEERING - JANUARY 16, 2024



BENEFITED PROPERTIES

Prepared by:
CNC
ENGINEERING
Consulting Civil Engineers - Surveyors
255 N. Hacienda Blvd., Ste. 222
City of Industry, Ca. 91744
Phone (626) 333-0336
Fax (626) 336-7076

CITY OF INDUSTRY
INCORPORATED JUNE 18, 1967.
P.O. Box 3368, City of Industry, California 91744
Administrative Offices: 15651 E. Stafford Street
(626) 333-2211

**DEPICTION OF INDUSTRY
BENEFITED PROPERTIES**

EXHIBIT 'F'

DRAWN BY: CHECKED BY:

JOB NO.: MP 99-60 #10

EXHIBIT G

Industry Wheeling Rate Methodology

[Attached]

Exhibit G

Industry Wheeling Rate

The Industry Wheeling Rate shall be applied to all water delivered through Walnut Valley Water District's (Walnut) recycled water system to the Industry Benefited Properties, as defined in Recitals M. and Exhibit F. The Industry Wheeling Rate shall be calculated based on the following methodology, in compliance with the terms stated in Section 4.2 Industry Wheeling Rate. The Industry Wheeling Rate may be periodically adjusted by Walnut's governing board in accordance with applicable law.

Well 4 and Well 5 (Wells)

- 1) Determine annual expenses related to the operation and maintenance of Well 4 (21535 Baker Parkway, City of Industry) and Well 5 (20405 Business Parkway, City of Industry) on a calendar year basis. These include:
 - Industry Public Utilities power costs (E1)
 - Rehabilitation and preventative maintenance costs (M1)
 - Labor costs associated with the operation and maintenance of Well 4 and Well 5 (L1)
- 2) Determine the total amount of water (acre-feet) delivered to the Industry Benefited Properties from Well 4 and Well 5 on a calendar year basis (W1).
- 3) Derive the total expense for Well 4 and Well 5 on a per acre foot basis by dividing the total of (E1) + (M1) + (L1) by (W1) = (Wells)

Pumping Expense (PE)

- 1) Determine the annual expenses related to the operation and maintenance of the Industry Business Center Recycled Pump Station (IBCPS) on a calendar year basis. These include:
 - Industry Public Utilities power costs (E2)
 - Rehabilitation and maintenance for IBC Pumps #1-5 (M2)
- 2) Determine the total amount of water (acre-feet) delivered to the Industry Benefited Properties from IBC-PS on a calendar year basis (W2).
- 3) Derive the total expense for the IBCPS on a per acre foot basis by dividing the total of (E2) + (M2) by (W2) = (PE)

Industry Wheeling Rate

The Industry Wheeling Rate shall be calculated by adding the total expense for Well 4 and Well 5 (Wells) to the Pumping Expense (PE). This total shall be applied on a per acre foot basis.

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
SUBMITTED BY: Assistant General Manager
DATE: January 16, 2024
SUBJECT: Authorize the General Manager to Execute an Agreement with Eagle Aerial Solutions for Land Use Mapping, Premise Delineation, and WaterView CII Module

Action/Discussion Fiscal Impact Resolution Information Only

Recommendation

The Board authorizes the General Manager to execute an agreement with Eagle Aerial Solutions for Land Use Mapping, Premise Delineation, and WaterView CII Module in the amount of \$133,296.

Background

In 2019, Walnut Valley Water District (District) began a partnership with Eagle Aerial Solutions (Eagle Aerial) to help meet the District’s water efficiency and allocation requirements established under the new long-term California water conservation legislation, SB 606 and AB 1668. Eagle Aerial’s data management platform, WaterView, integrates GIS technologies with parcel-level consumption data, creating data visibility for more effective communication campaigns and conservation programs. Currently, WaterView enables District staff to implement and track a wide variety of targeted water efficiency campaigns for residential customers, including the Pool Cover Rebate, Exterior Retrofit Irrigation Program (E-RIP) Round 1 and 2, and other sustainability programs.

Part of the State Water Resources Control Board’s (State) upcoming regulations include water use efficiency objectives for Commercial, Industrial, and Institutional (CII) customers, as well as irrigated, irrigable non-irrigated, and non-functional turf landscapes. Eagle Aerial has provided a proposal to classify land use areas, delineate areas irrigated with dedicated irrigation meters, map special landscape areas, and provide a graphical interface through their WaterView software for easy interpretation by District staff. These features will allow the District to better analyze water usage within the CII customer class, provide accurate reporting to regulatory agencies, and better allocate District time and resources to specific customers requiring assistance with water use efficiency.

The State is currently working with Eagle Aerial and NV5 Geospatial to provide water suppliers with rudimentary landscape mapping of service areas via satellite imagery, however, this data will not be available for several years. By working with the State’s approved consultant, who has been a successful partner of the District for several years, the District will be prepared now to meet these regulations with accurate and functional data.

Staff recommends the Board of Directors authorize the General Manager to execute the Agreement with Eagle Aerial Solutions for \$133,296. Work will begin after execution and take approximately 12 months to complete.

OPERATIONS DEPARTMENT REPORT
December 2023, Monthly Report

PROJECT NO.	PROJECT DESCRIPTION	STATUS
N/A	Watermain and water service repair	<u>Repair Water Service Leaks:</u> 21462 Cold Spring Road, Diamond Bar. 19224 Aguiro Street, Rowland Heights. 20311 & 20317 Temple Avenue, 19936 Wildcat Canyon, 20306 New Rochelle Street, 470 Wrangler Way, 1260 Athena Drive, 711 Lone Eagle Road, Walnut. 3036 Vermillion Street, 1712 Morning Sun Avenue, West Covina. <u>Water Valves:</u> <u>Replaced Angle Meter Stops:</u> None for this month. <u>Replaced Copper Setters:</u> 347 Gunsmoke Drive, Diamond Bar.1319 Wesleyan Avenue, Walnut. <u>Water Main:</u> 23767 Highland Valley Road, Diamond Bar (Fire Hydrant Lateral). 20035 Walnut Drive, Walnut (Air Vac). <u>Water System/Miscellaneous Work:</u> Spoils Hauled to Azusa Dump - 0 loads. Get Reads: C1/0, M1/21, R1/6, W1/38, W2/53, W3/71, W4/31 Turn off's: M1/9, R1/0, W1/17, W2/22, W3/0, W4/20 USA Tickets - 642 Closed tickets for this month. Annual Small Meter Testing Program- Tested 30 meters in W4.
22-3757	SCADA INET Radio Replacement	ATG started radio INET to ORBIT.
22-3743	21045 Stonybrook Drive, Walnut	Upgraded metered service.
23-3807	Reservoir Recoating Project	Started at Arbor Ridge Tank B recoating.
23-3781	20948 Moonlake Street, Diamond Bar.	Upgraded metered service.
22-3755	Recycled Iron Saddle Replacement Project	Completed replacement of the iron saddles.
NA	Repair of blow offs, fire hydrants and air-vacs	None for this month.
21-3717	Terminal Storage RCS Mixing System	Project is ongoing.
N/A	Production Facility Maintenance/Water Quality	<u>Pump and Motor Maintenance:</u> Rapidview Pump Station, Tri-County reinstalled Pump and Motor #3. <u>Pump Station Maintenance:</u> Pathfinder Pump Station- Rebuilt 1050 Zone Cla-Val #2. Parker Canyon Pump Station, fabricated gate-lock box after attempted theft. <u>Facility/Miscellaneous Work:</u> Scheduled Generator Maintenance: Arbor Ridge, Armitos, Parker Canyon, Ridgeline and Sylvan Glen Pump Stations. Monthly PWR & BGTm Inspections. Monthly Intertie Reads Potable & Recycled. Monthly Recycled Well Static & Pumping Levels. Monthly THM's Inlet Samples. Quarterly THM's & HAA5 Samples Sodium Hypochlorite Delivery-2,672 Gallons. Liquid Ammonia Sulfate (LAS) Delivery- 0 Gallons.
N/A	Total trihalomethanes (TTHMs) Graph	Water quality meets all state and federal standards.

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
SUBMITTED BY: Director of Administrative Services
DATE: January 16, 2024
SUBJECT: Sick Leave Policy Amendment

Action/Discussion **Fiscal Impact** **Resolution** **Information Only**

Recommendation

That the Board of Directors adopt the proposed Sick Leave Policy amendment as drafted by District staff and reviewed by labor counsel.

Background

Effective January 1, 2024, Senate Bill 616 allows qualifying employees to receive an upfront grant of 40 hours or 5 days of paid sick leave at the beginning of employment and the start of each 12-month period thereafter. The District was previously required to provide an upfront grant of 24 hours or 3 days of paid sick leave at the beginning of employment. The District currently provides 96 hours of annual sick leave therefore SB 616 does not make a fiscal impact.

The current Mid-Management (MM) and General Employees Unit (GEU) Terms and Conditions of Employment (T&C) need to be revised as the Sick Leave Policy is listed in the Terms. The redline revisions to Article 18 of the GEU T&C's and Section 5 of the MM T&C's are attached.

Attachment:

- *Draft Sick Leave Policy Amendment*

ARTICLE 18 – Sick Leave Provisions

A. Application of California's Paid Sick Leave Law

In accordance with California's Paid Sick Leave Law, all employees may use ~~the greater of the first three~~ ~~five~~ (35) days or ~~twenty-four~~ ~~forty~~ (2440) hours of accrued paid sick leave in a twelve (12) month period for one of the following reasons:

- For the employee's own diagnosis, care, or treatment of an existing health condition or preventative care.
- For the diagnosis, care, or treatment of an existing health condition or preventative care for an employee's family member, including:
 - Child of any age or dependency status (including a biological, adopted, or foster child, stepchild, legal ward, or a child to whom the employee stands in loco parentis.);
 - Spouse or Registered Domestic Partner;
 - Parent or Parent-in-Law (including biological, adoptive, or foster parent, stepparent, or legal guardian of an employee or the employee's spouse or registered domestic partner, or a person who stood in loco parentis when the employee was a minor child.);
 - Grandparent;
 - Grandchild;
 - Sibling;
 - Designated person, which means a person identified by the employee at the time the employee requests paid sick leave. Such designated person may be limited to one person per 12-month period for paid sick days.
- For an employee who is a victim of domestic violence, sexual assault, or stalking to: i) obtain or attempt to obtain a temporary restraining order or other court assistance to help ensure the health, safety or welfare of the employee or his or her child, or ii) obtain medical attention or psychological counseling; services from a shelter; program or crisis center; or participate in safety planning or other actions to increase safety, with appropriate certification of the need for such services.

B. Temporary Employees and Part-Time Employees Who Work Less Than 20 Hours Per Week

Pursuant to California's Paid Sick Leave Law, temporary and part-time employees who have been employed for at least thirty (30) days, other than retired annuitants, are entitled to begin accruing paid sick leave on the first date of employment and can begin using paid sick leave on the 90th day of employment under the following conditions.

- An employee begins to accrue paid sick leave at the rate of one (1) hour of paid sick leave for every thirty (30) hours worked.
- An employee is allowed to use up to a maximum of ~~three~~ ~~five~~ (35) days or ~~twenty-four~~ ~~forty~~ (240) hours, whichever is greater, of paid sick leave in a twelve (12) month period.
- An employee can only accrue paid sick leave up to a cap of ~~six~~ ~~ten~~ (610) work days or ~~forty~~ ~~eighty~~ (480) hours, whichever is greater, ongoing. Any unused accrued paid sick leave does carryover year to year while continuously employed, up to the accrual cap.
- An employee shall provide reasonable advance notification of ~~they/them~~ their need to use accrued paid sick leave to their supervisor if the need for paid sick leave use is foreseeable (e.g., doctor's appointment scheduled in advance). If the need for paid sick leave use is unforeseeable, the

employee shall provide notice of the need for the leave to his/her supervisor as soon as is practicable.

- An employee who uses paid sick leave must do so with a minimum increment of two (2) hours of sick leave.
- Paid sick leave will not be considered hours worked for purposes of overtime calculation. An employee will not receive compensation for unused accrued paid sick leave upon termination, resignation, retirement or other separation from employment from the District.
- If an employee separates from District employment and is re-hired by the District within one (1) year of the date of separation, previously accrued and unused paid sick leave hours shall be reinstated to the extent required by law. However, if the rehired employee had not yet worked the requisite ninety (90) days of employment to use paid sick leave at the time of separation, the employee must still satisfy the ninety (90) days of employment requirement collectively over the periods of employment with the District before any paid sick leave can be used.

C. Full-Time Employees and Part-Time Employees Who Work 20 or More Hours Per Week

Sick leave with pay shall be granted by the District at the rate of eight (8) hours for each full calendar month of service for all full-time employees or for part-time employees working twenty (20) or more hours per week as otherwise designated in Exhibit D of these Terms and Conditions of Employment. Retired annuitants are not eligible for sick leave.

Each calendar year, up to one-half of an employee's annual accrued paid sick leave, [but no less than 40 hours or 5 days, whichever is greater](#), can be used for any reason as noted in Section A of this policy in accordance with California's Paid Sick Leave Law and Labor Code section 233. Any additional paid sick leave provided by the District in that calendar year can only be used for the employee's own diagnosis, care, or treatment of an existing health condition or preventative care.

In order to receive compensation for work time lost due to sickness, the employee shall notify they/them/their immediate supervisor prior to the time set for commencement of they/them/their work shift, or as may be specified by the Department Head. Failure to do so without good reason may result in that day of absence treated as leave of absence without pay. After an employee has used one-half of their annual accrued paid sick leave in a calendar year, [but no less than 40 hours or 5 days, whichever is greater](#), for any absence of three (3) days or less, a physician's certificate may be required. For absences of more than three (3) days, and prior to returning to work, the employee shall file with the Personnel Office a verification from a licensed health care provider, or other evidence satisfactory to the District, confirming the need for the time off and releasing the employee to return to work without restriction.

On or about December 1st of each year, the sick hours accrued, but not used, during the preceding year will be transferred to an accumulated or qualification account. After an employee has accumulated two hundred forty (240) hours of sick leave in this account, the employee will be eligible to receive a cash payout of unused sick leave. The maximum amount of sick leave an employee may accrue is four hundred (400) hours and payment for such accrued and unused sick leave will be as follows:

- (1) Employees who have accrued more than two hundred forty (240) hours, but fewer than four hundred (400) hours of sick leave:

During the month of December, employees who have fewer than four hundred (400) hours of accrued sick leave as of December 1, will receive a cash payment at the employee's then hourly rate of pay for three-quarters (3/4) of any current accrued sick leave accumulated in their account, which exceeds the two hundred forty (240) hour qualification level.

- (2) Employees who have accrued more than four hundred (400) hours of sick leave:

In December of each year, if it is determined by the Finance Department that an employee will still have an excess of four hundred (400) hours of accrued sick leave following the sick leave buyout, the employee will then receive a cash payment of 100% of the employee's current accrued and unused sick leave accumulated in excess of four hundred (400) hours at the employee's then hourly rate of pay.

(3) Employees who have accrued over four hundred (400) hours as of October 31, 2011:

Those employees who, as of October 31, 2011, have an accrued sick leave balance in excess of four hundred (400) hours are exempted from this provision at this time and the accrued sick leave they have accumulated will remain in their accounts. However, in December of each year, those employees will receive a cash payment at the employee's then hourly rate of pay for all sick leave that the employee has accrued that calendar year as long as they have an excess of four hundred (400) hours of accumulated sick leave.

In subsections (1-3) above, the employee also has the option of placing such funds in ~~they/them~~ their deferred compensation account or 401-A plan account, pursuant to state and federal deferred compensation limits and regulations.

The remaining one-quarter (1/4) of the current sick leave over the two hundred forty (240) hour but less than the four hundred (400) hour qualification level will then be placed in the long-term sick leave account and will not be considered in any future annual sick leave cash payout under the preceding paragraph.

In using sick leave, accrued sick hours will be exhausted by all employees in the following order: Current sick leave over the qualification level, qualification sick leave, and then long-term sick leave.

Upon termination of employment for any reason other than retirement, employees shall be paid for one-quarter (1/4) of all accumulated sick leave, *i.e.*, current, qualification, and long-term, at their hourly rate of pay at the time of separation. Upon retirement, the employee will receive cash payment for all accumulated sick leave at the then current rate of pay or may elect to receive CalPERS service credit for all unused sick leave in lieu of pay consistent with applicable retirement laws. The employee may also defer payment up to the maximum amount allowable by law into the employee's deferred compensation account or 401-A plan in accordance with the employee's pre-authorized final pay election. Upon the death of an employee, sick leave shall be paid in full to the employee's beneficiary.

Except as provided otherwise in this section, employees do not receive compensation for any unused, accrued paid sick leave at the time of separation of employment, except that up to twenty-four (24) hours of accrued sick leave shall be payable at separation of employment as consideration for the personal leave provided in Article 19, below. However, if an employee is re-hired with the District within twelve (12) months of the previous separation of employment, the District will reinstate up to ~~six-10~~ (610) days or ~~forty-eighty~~ (480) hours of previously accrued but unused paid sick leave at the time of re-hire to the extent such amount was not otherwise cashed out as provided in this section.

c. **Sick Leave**

A. Application of California's Paid Sick Leave Law

In accordance with California's Paid Sick Leave Law, all employees may use the greater of the first three five (35) days or ~~twenty-four~~forty (2440) hours of accrued paid sick leave in a twelve (12) month period for one of the following reasons:

- For the employee's own diagnosis, care, or treatment of an existing health condition or preventative care.
- For the diagnosis, care, or treatment of an existing health condition or preventative care for an employee's family member, including:
 - Child of any age or dependency status (including a biological, adopted, or foster child, stepchild, legal ward, or a child to whom the employee stands in loco parentis.);
 - Spouse or Registered Domestic Partner;
 - Parent or Parent-in-Law (including biological, adoptive, or foster parent, stepparent, or legal guardian of an employee or the employee's spouse or registered domestic partner, or a person who stood in loco parentis when the employee was a minor child.);
 - Grandparent;
 - Grandchild;
 - Sibling;
 - Designated Person, which means a person identified by the employee at the time the employee requests paid sick leave. Such designated person may be limited to one person per 12-month period for paid sick days.
- For an employee who is a victim of domestic violence, sexual assault, or stalking to i) obtain or attempt to obtain a temporary restraining order or other court assistance to help ensure the health safety or welfare of the employee or his or her child, or ii) obtain medical attention or psychological counseling; services from a shelter; program or crisis center; or participate in safety planning or other actions to increase safety, with appropriate certification of the need for such services:

B. Temporary Employees and Part-Time Employees Who Work Less Than 20 Hours Per Week

Pursuant to California's Paid Sick Leave Law, temporary and part-time employees who have been employed for at least thirty (30) days, other than retired annuitants, are entitled to begin accruing paid sick leave on the first date of employment and can begin using paid sick leave on the 90th day of employment under the following conditions.

- An employee begins to accrue paid sick leave at the rate of one (1) hour of paid sick leave for every thirty (30) hours worked.
- An employee is allowed to use up to a maximum of three-five (35) days or ~~twenty-four~~forty (240) hours, whichever is greater, of paid sick leave in a twelve (12) month period.
- An employee can only accrue paid sick leave up to a cap of six-ten (610) work days or ~~forty-eight~~eighty (480) hours, whichever is greater, ongoing. Any unused accrued paid sick leave does carryover year to year while continuously employed, up to the accrual cap.
- An employee shall provide reasonable advance notification of they/them/their need to use accrued paid sick leave to their supervisor if the need for paid sick leave use is foreseeable (e.g., doctor's appointment scheduled in advance). If the need for paid sick leave use is unforeseeable, the employee shall provide notice of the need for the leave to his/her supervisor as soon as is practicable.

- An employee who uses paid sick leave must do so with a minimum increment of two (2) hours of sick leave.
- Paid sick leave will not be considered hours worked for purposes of overtime calculation. An employee will not receive compensation for unused accrued paid sick leave upon termination, resignation, retirement or other separation from employment from the District.
- If an employee separates from District employment and is re-hired by the District within one (1) year of the date of separation, previously accrued and unused paid sick leave hours shall be reinstated to the extent required by law. However, if the rehired employee had not yet worked the requisite ninety (90) days of employment to use paid sick leave at the time of separation, the employee must still satisfy the ninety (90) days of employment requirement collectively over the periods of employment with the District before any paid sick leave can be used.

C. Full-Time Employees and Part-Time Employees Who Work 20 or More Hours Per Week

Sick leave with pay shall be granted by the District at the rate of eight (8) hours for each full calendar month of service for all full-time employees or for part-time employees working twenty (20) or more hours per week as otherwise designated in Exhibit D of these Terms and Conditions of Employment. Retired annuitants are not eligible for sick leave.

Each calendar year, up to one-half of an employee's annual accrued paid sick leave, but no less than 40 hours or 5 days, whichever is greater, can be used for any reason as noted in Section A of this policy in accordance with California's Paid Sick Leave Law and Labor Code section 233. Any additional paid sick leave provided by the District in that calendar year can only be used for the employee's own diagnosis, care, or treatment of an existing health condition or preventative care.

In order to receive compensation for work time lost due to sickness, the employee shall notify they/them/their immediate supervisor prior to the time set for commencement of they/them/their work shift, or as may be specified by the Department Head. Failure to do so without good reason may result in that day of absence treated as a leave of absence without pay. After an employee has used one-half of their annual accrued paid sick leave in a calendar year, but no less than 40 hours or 5 days, whichever is greater, for any absence of three (3) days or less, a physician's certificate may be required. For absences of more than three (3) days, and prior to returning to work, the employee shall file with the Personnel Office a verification from a licensed health care provider, or other evidence satisfactory to the District, confirming the need for the time off and releasing the employee to return to work without restriction.

On or about December 1st of each year, the sick hours accrued, but not used, during the preceding year will be transferred to an accumulated or qualification account. After an employee has accumulated two hundred forty (240) hours of sick leave in this account, the employee will be eligible to receive a cash payout of unused sick leave. The maximum amount of sick leave an employee may accrue is four hundred (400) hours and payment for such accrued and unused sick leave will be as follows:

- (1) Employees who have accrued more than two hundred forty (240) hours, but fewer than four hundred (400) hours of sick leave:

During the month of December, employees who have fewer than four hundred (400) hours of accrued sick leave as of December 1, will receive a cash payment at the employee's then hourly rate of pay for three-quarters (3/4) of any current accrued sick leave accumulated in their account, which exceeds the two hundred forty (240) hour qualification level.

- (2) Employees who have accrued more than four hundred (400) hours of sick leave:

In December of each year, if it is determined by the Finance Department that an employee will still have an excess of four hundred (400) hours of accrued sick leave following the sick leave buyout, the employee will then receive a cash payment of 100% of the employee's current

accrued and unused sick leave accumulated in excess of four hundred (400) hours at the employee's then hourly rate of pay.

(3) Employees who have accrued over four hundred (400) hours as of October 31, 2011:

Those employees who, as of October 31, 2011, have an accrued sick leave balance in excess of four hundred (400) hours are exempted from this provision at this time and the accrued sick leave they have accumulated will remain in their accounts. However, in December of each year, those employees will receive a cash payment at the employee's then hourly rate of pay for all sick leave that the employee has accrued that calendar year as long as they have an excess of four hundred (400) hours of accumulated sick leave.

In subsections (1-3) above, the employee also has the option of placing such funds in they/them/their deferred compensation account or 401-A plan account, pursuant to state and federal deferred compensation limits and regulations.

The remaining one-quarter (1/4) of the current sick leave over the two hundred forty (240) hour but less than the four hundred (400) hour qualification level will then be placed in the long-term sick leave account and will not be considered in any future annual sick leave cash payout under the preceding paragraph.

- a. Upon termination of employment with the District, employees shall be entitled to a sick leave payoff, based upon a percentage of the qualification account as defined above, as follows; provided, however, that in all events, as consideration for personal leave provided under subsection (i), below, the first twenty-four (24) hours of any accrued sick leave shall be paid out at one hundred percent (100%):

1)	Termination by the District	25%
2)	Voluntary Resignation	50%
3)	Death of the Employee	100%
4)	Retirement Options:	
	A. Cash payoff	100%
	B. Placement in deferred compensation account	100%
	C. Retirement Service Credit	100%
	D. Placement in preauthorized 401-A plan account	100%

- b. The District shall maintain all sick leave records and shall make the determination for annual cash and all other payments.
- c. Upon retirement the employee may elect to receive a cash payoff, defer the cash payoff up to the maximum amount allowable by law into the employee's deferred compensation account and/or place funds in 401-A plan account in accordance with the employee's pre-authorized final pay election.
- d. The employee may also elect to receive CalPERS retirement service credit with the unused and accrued sick leave hours in lieu of receiving financial compensation.
- e. Upon the death of an employee, sick leave shall be paid in full to the employee's beneficiary.

Except as provided otherwise in this section, employees do not receive compensation for any unused, accrued paid sick leave at the time of separation of employment, except that up to twenty-four (24) hours of accrued sick leave shall be payable at separation of employment as consideration for the personal leave provided in Section I, below. However, if an employee is re-hired with the District within twelve (12) months of the previous separation of employment, the District will reinstate up to ~~six-10~~ (610) days or ~~forty-eighty~~ (480) hours of previously accrued but unused paid sick leave at the time of re-hire to the extent such amount was not otherwise cashed out as provided in this section.

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
SUBMITTED BY: Director of Administrative Services
DATE: January 16, 2024
SUBJECT: Proposed Reproductive Loss Leave Policy

Action/Discussion Fiscal Impact Resolution Information Only

Recommendation

That the Board of Directors adopt the Reproductive Loss Leave Policy as drafted by District staff and reviewed by labor counsel.

Background

Effective January 1, 2024, Senate Bill 848 allows qualifying employees to take a leave of absence following a “reproductive loss event” which includes “miscarriage, unsuccessful assisted reproduction, failed adoption, failed surrogacy, or stillbirth.” Under existing law, it was unclear if a reproductive loss was covered by bereavement leave. S.B. 848 addresses this question and provides a separate form of leave for a reproductive loss event.

The District will grant an employee up to five days of reproductive loss leave due to a reproductive loss event. The leave shall be unpaid, but employees may use any available and accrued sick leave, vacation, or compensatory time off to receive compensation during the reproductive loss leave.

Attachments:

- *Draft Reproductive Loss Leave Policy*

**WALNUT VALLEY WATER DISTRICT
REPRODUCTIVE LOSS LEAVE POLICY**

1. STATEMENT OF DISTRICT POLICY:

The District provides employees up to five days of reproductive loss leave following a reproductive loss event. The District will not discharge, demote, or discriminate against an employee who takes leave under this policy.

2. DEFINITIONS:

- 2.1 **“Assisted reproduction”** means a method of achieving a pregnancy through an artificial insemination or an embryo transfer and includes gamete and embryo donation. Assisted reproduction does not include any pregnancy achieved through sexual intercourse.
- 2.2 **“Employee”** means a person employed by the employer for at least 30 days prior to the commencement of the leave.
- 2.3 **“Employer”** means the District.
- 2.4 **“Failed adoption”** means the dissolution or breach of an adoption agreement with the birth mother or legal guardian, or an adoption that is not finalized because it is contested by another party. This event applies to a person who would have been a parent of the adoptee if the adoption had been completed.
- 2.5 **“Failed surrogacy”** means the dissolution or breach of a surrogacy agreement, or a failed embryo transfer to the surrogate. This event applies to a person who would have been a parent of a child born as a result of the surrogacy.
- 2.6 **“Miscarriage”** means a miscarriage by a person, by the person’s current spouse or domestic partner, or by another individual if the person would have been a parent of a child born as a result of the pregnancy.
- 2.7 **“Reproductive loss event”** means the day or, for a multiple-day event, the final day of a failed adoption, failed surrogacy, miscarriage, stillbirth, or an unsuccessful assisted reproduction.
- 2.8 **“Reproductive loss leave”** means the leave provided by this policy.
- 2.9 **“Stillbirth”** means a stillbirth resulting from a person’s pregnancy, the pregnancy of a person’s current spouse or domestic partner, or another individual, if the person would have been a parent of a child born as a result of the pregnancy that ended in stillbirth.
- 2.10 **“Unsuccessful assisted reproduction”** means an unsuccessful round of intrauterine insemination or of an assisted reproductive technology procedure. This event applies to a person, the person’s current spouse or domestic partner, or another individual, if the person would have been a parent of a child born as a result of the pregnancy.

3. **POLICY:**

The District will grant an employee up to five days of reproductive loss leave due to a reproductive loss event. If an employee experiences more than one reproductive loss event within a 12-month period, the employee may request up to five days of leave for each reproductive loss event, not exceeding a total of 20 days within a 12-month period. The days an employee takes for reproductive loss leave can be nonconsecutive.

Reproductive loss leave shall be completed within three months of the reproductive loss event, except that an employee may choose to use other types of leave for which the reproductive loss event qualifies. In such a case, the reproductive loss leave must be completed within three months after the end date of the other leave.

The leave shall be unpaid, but employees may use any available and accrued sick leave, vacation, or compensatory time off to receive compensation during the reproductive loss leave.

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
SUBMITTED BY: Director of Administrative Services
DATE: January 16, 2024
SUBJECT: Finance Department Reorganization

Action/Discussion Fiscal Impact Resolution Information Only

Recommendation

That the Board of Directors approve the following:

1. The reorganization of the Finance Department,
2. The proposed modification to the District Official Chart of Positions,
3. Initiation of the recruitment process for an Accounting Manager.

Background

Effective February 29, 2024, one full-time position will be vacated due to the retirement of the General Manager and internal promotion of the future General Manager position. In assessing the District's long-term needs and creating a line of succession for the Director of Finance position, Staff is seeking an experienced Accounting Manager. If approved by the Board, the Finance Department – Accounting Division will comprise (1) Accounting Manager, (1) Accounting Supervisor, (1) Senior Accountant, and (1) Accounting Technician II.

To be consistent with the proposed organization changes, staff also recommends the Official Chart of Positions be revised to reflect the additional position.

To allow for a smooth transition for the Finance Department, staff also recommends that the District initiate the recruitment process for an Accounting Manager ahead of the February 29, 2024 vacancy, which will allow time for reviewing applications, conducting interviews, and performing background checks. The goal is to have the new position filled by early March.

Attachments:

- Proposed Official Chart of Positions FY 2023-24
- Proposed Organizational Chart FY 2023-24

Walnut Valley Water District
Official Chart of Positions FY 2023-24 in Full-time Equivalents (FTE's)
Revisions for FY 2023-24
 Effective March 2024



General Manager's Office	FTE's	Engineering	FTE's	Operations	FTE's	Finance	FTE's	External Affairs & Sustainability	FTE's
General Manager/Chief Engineer	1.0	Director of Engineering		Director of Operations	1.0	Director of Finance	1.0	Director of External Affairs & Sustainability	1.0
Assistant General Manager	1.0	Engineering Manager	1.0	Operations Manager	1.0	Customer Service Manager	1.0	External Affairs & Sustainability Manager	1.0
		Engineering Supervisor	1.0	Field Supervisor	1.0	Customer Service Supervisor	1.0	External Affairs & Sustainability Coordinator II (2)	1.0
Administrative Support		Senior Civil Engineer		Construction Inspection Supervisor	1.0	Sr. Customer Service Rep.	1.0	Sustainability Coordinator	
Executive Secretary	1.0	Civil Engineer	1.0	Utility Service Lead	2.0	Customer Service Rep. II	1.0	External Affairs & Sustainability Coordinator I (2)	1.0
Administrative Assistant I	1.0	Senior Civil Engineering Assistant		Cross Connection Specialist	1.0	Customer Service Rep. I	2.0	External Affairs Coordinator	
		Civil Engineering Assistant (2)	2.0	Cross Connection Technician		Accounting Manager (1)	1.0		
		Senior Executive Assistant	1.0	Utility Service Worker II	2.0	Accounting Supervisor	1.0		
				Utility Service Worker I	7.0	Senior Accountant	1.0		
				Water Production Supervisor	1.0	Accounting Technician II	1.0		
				Instrumentation/Electrical Systems Technician	1.0				
Safety / HR / Risk Management / IT				Water Quality Specialist	1.0	General Services & Procurement Manager	1.0		
Director of Administrative Services	1.0			Water Production Operator II	1.0	Facility Maintenance Lead	1.0		
Human Resources Analyst	1.0			Water Production Operator I	3.0	Facility Maintenance Wkr II	1.0		
Information Technology Manager	1.0			Operations Intern	1.0	Facility Maintenance Wkr I	1.0		
Information Technology Technician	1.0								

Full-time Positions:	8.0	Full-time Positions:	6.0	Full-time Positions:	23.0	Full-time Positions:	15.0	Full-time Positions:	4.0
Part-Time Positions:	0.0	Part-Time Positions:	0.0	Part-Time Positions:	1.0	Part-Time Positions:		Part-Time Positions:	0.0

- Proposed addition of Accounting Manager
- Proposed reclassification from "External Affairs Coordinator" and "Sustainability Coordinator" to "External Affairs & Sustainability Coordinator I/II"

Fiscal Year Recaps	FTE's	Fiscal Year Recaps	FTE's
FY 2008-09	58.0	FY 2015-16	55.8
FY 2009-10	56.6	FY 2016-17	56.0
FY 2010-11	56.6	FY 2017-18	56.5
FY 2011-12	55.6	FY 2018-19	56.5
FY 2012-13	55.5	FY 2019-20	57.5
FY 2013-14	55.75	FY 2020-21	57.0
FY 2014-15	55.8	FY 2021-22	57.0
		FY 2023-24 (Proposed)	57.0



WALNUT VALLEY WATER DISTRICT ORGANIZATIONAL CHART FISCAL YEAR 2023-2024 PROPOSED

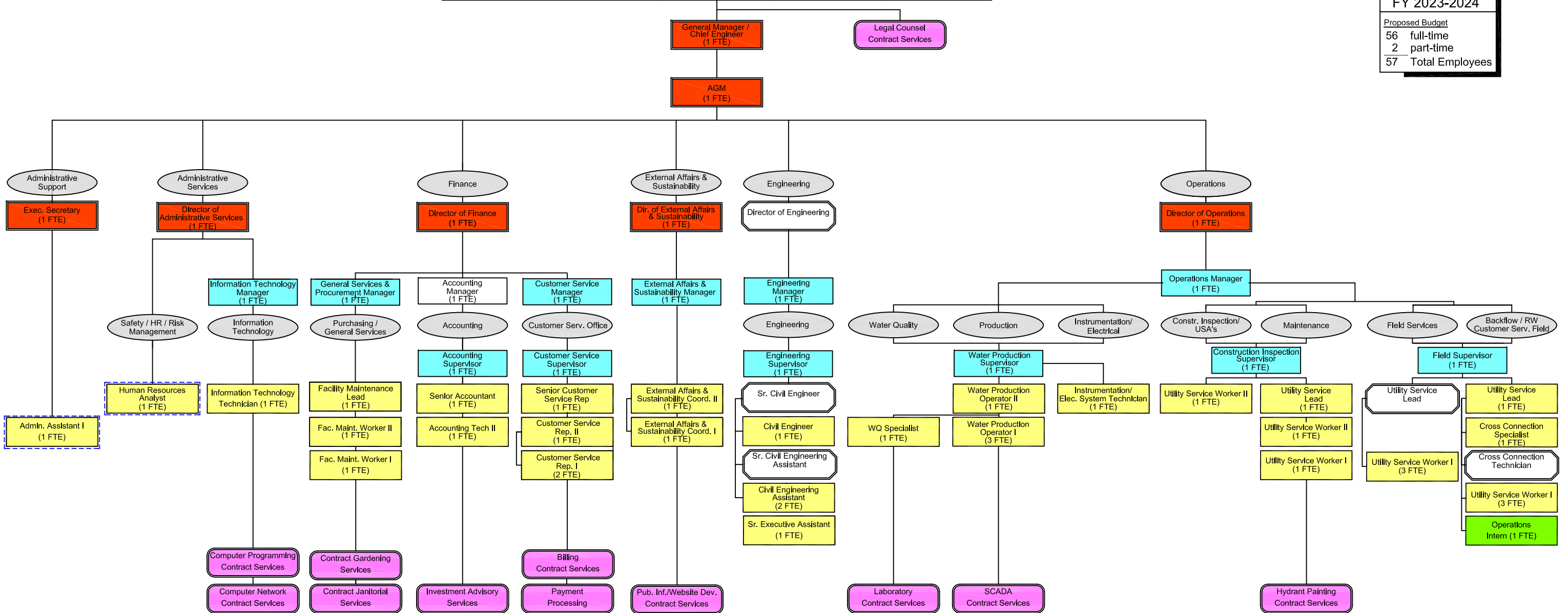


LEGEND

Staff Positions	Part-Time Positions
Mid-Management Positions	Vacant
GEU Positions	Positions Under Contract
Incentive Position	Confidential Positions

Number of Employees	
FY 2023-2024	
Proposed Budget	56 full-time
	2 part-time
	57 Total Employees

Jerry Tang Dir. Div. I	Edwin M. Hilden Dir. Div. II	Theresa Lee Dir. Div. III	Henry Woo Dir. Div. IV	Scarlett Kwong Dir. Div. V
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01/03/24

ADOPTED:



POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

WATER USE DISTRIBUTION & BILLING

NOVEMBER 2023

CONSUMPTION PER AGENCY (Per PWR Meter Reads)		
	Water Consumption (Acre-feet)	Allocation %
Pomona	127.158	10.372%
Walnut	717.895	58.559%
Rowland	380.889	31.069%
LaVerne	-	0.000%
TOTAL	1,225.942	100.000%


WATER PRODUCTION (ACTUAL)		
	Water Consumption (Acre-feet)	Allocation %
MWD	573.90	46.383%
TVMWD	663.40	53.617%
LaVerne	-	0.000%
Total	1,237.300	100.000%
PWR	1,225.942	
Difference	11.358	

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)
				46.383%	53.617%	0.000%	100.000%
Pomona	127.158	1.178	128.336	128.3	59.5	68.8	128.3
Walnut	717.895	6.651	724.546	724.5	336.1	388.5	724.5
Rowland	380.889	3.529	384.418	384.4	178.3	206.1	384.4
LaVerne	-	-	-	-	-	-	-
TOTAL	1,225.942	11.358	1,237.300	1,237.3	573.9	663.4	1,237.3

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)	59.5	68.8							101.9	
	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	\$ 71,967.48	\$ 83,190.84	\$ 7,767.87	\$ 3,739.84	\$ 1,514.29	\$ -	\$ -	\$ -	\$ (10,190.00)	\$ 157,990.32
Walnut Valley Water District	Cons. (AF)	336.1	388.5							-	
	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	\$ 406,306.28	\$ 469,669.95	\$ 11,099.14	\$ 2,013.76	\$ 3,419.78	\$ -	\$ -	\$ -	\$ -	\$ 892,508.91
Rowland Water District	Cons. (AF)	178.3	206.1							-	
	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	\$ 215,571.35	\$ 249,189.80	\$ 6,660.00	\$ 1,438.40	\$ 1,977.36	\$ -	\$ -	\$ -	\$ -	\$ 474,836.91
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.)		573.9	663.4								1,237.3
Total (\$)		\$ 693,845.11	\$ 802,050.59	\$ 25,527.01	\$ 7,192.00	\$ 6,911.43	\$ -	\$ -	\$ -	\$ (10,190.00)	\$ 1,525,336.14

February 2024



Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
28	29	30	31	1 8AM PBWA Meeting	2	3
4	5	6 6:30 PM Diamond Bar City Council Meeting	7 8AM TVMWD Board Meeting	8 4PM PWR Meeting	9	10
11	12 4PM Public Info Committee 4:30 PM Finance Committee	13 4PM Engineering Committee 4:30 PM Personnel Committee	14 7PM Walnut City Council Meeting	15	16	17
18	19  President's Day - District Closed	20 5PM WVWD Board Meeting 6:30 PM Diamond Bar City Council Meeting	21 8AM TVMWD Board Meeting	22 4PM WVWD Workshop Meeting	23	24
25	26	27	28 7PM Walnut City Council Meeting	29	1	2
3	4	Notes				

March 2024



Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
25	26	27	28	29	1	2
3	4 3:30 PM SPADRA Executive Committee Meeting	5 6:30 PM Diamond Bar City Council Meeting	6 8AM TVMWD Board Meeting	7	8	9
10	11 4PM Public Info Committee 4:30 PM Finance Committee	12 8 AM Puente Basin Watermaster 4 PM Engineering Committee 4:30 PM Personnel Committee	13 7PM Walnut City Council Meeting	14	15	16
17	18 5PM WVWD Board Meeting	19 6:30 PM Diamond Bar City Council Meeting	20 8AM TVMWD Board Meeting	21 4PM WVWD Workshop Meeting	22	23
24	25	26	27 7PM Walnut City Council Meeting	28	29	30

April 2024



Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
31	1	2 6:30 PM Diamond Bar City Council Meeting	3 8AM TVMWD Board Meeting	4 8AM PBWA Meeting	5	6
7	8 4PM Public Info Committee 4:30 PM Finance Committee	9 4PM Engineering Committee 4:30 PM Personnel Committee	10 7PM Walnut City Council Meeting	11	12	13
14	15 5PM WVWD Board Meeting	16 6:30 PM Diamond Bar City Council Meeting	17 8AM TVMWD Board Meeting	18 4PM WVWD Workshop Meeting	19	20
21	22	23	24 7PM Walnut City Council Meeting	25	26	27
28	29	30	1	2	3	4
5	6	Notes				

**WALNUT VALLEY WATER DISTRICT
WATER SUPPLY AND CONSERVATION UPDATE
January 16, 2024**

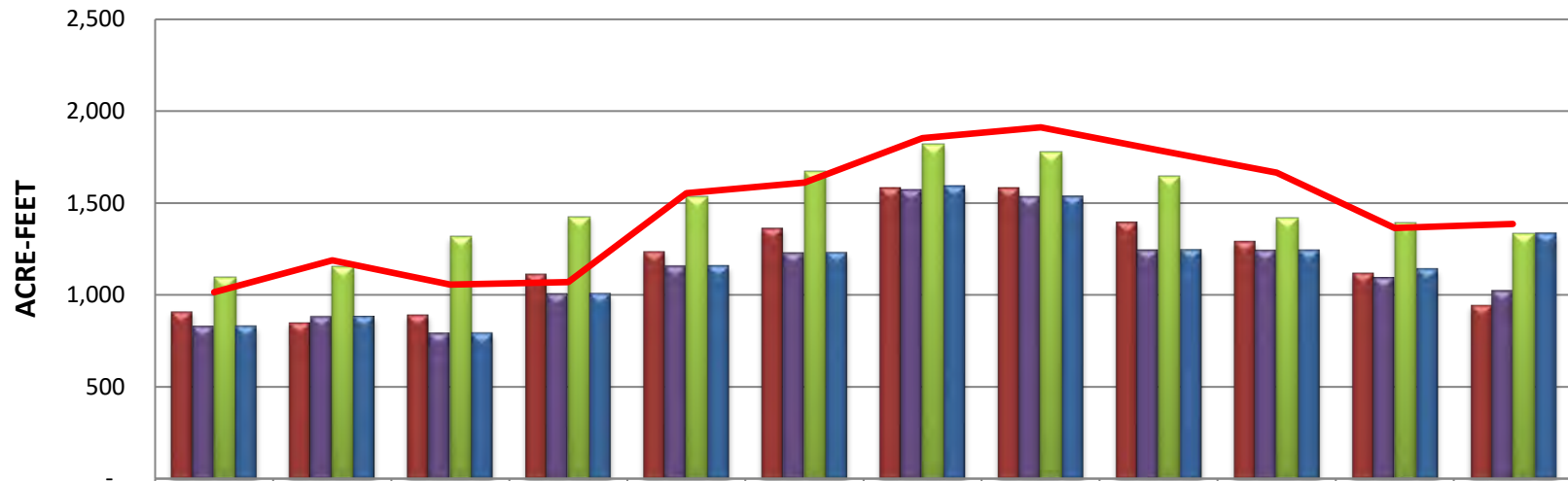


<p>A</p> <p>B</p> <p>C</p>	<p><u>Water Use</u> – Water usage for December 2023 was 1335.51 acre-feet, a decrease of 3.71% compared to December 2020 and a decrease of 4.69% from December 2013. The average inflow into the system during the month was approximately 20.96 cfs (9,406.56 gallons per minute).</p> <p><u>Recycled Water Use</u> – During the month of December the recycled water system delivered 881,554.19 G.P.D., an increase of 78.89% compared to the use in December 2022. Of the recycled water delivered, 3.15% was from the District wells and no potable make-up water was used.</p> <p><u>Production Report</u> – attached are:</p> <ul style="list-style-type: none"> ▪ Purchased Water Projections (Two total) ▪ Climate Summary ▪ Monthly Consumption Versus the 2013 and 2020 Baseline Years (Two total) 	<p>Exhibits</p>
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WALNUT VALLEY WATER DISTRICT
Calendar Year 2023 Purchased Water Estimate

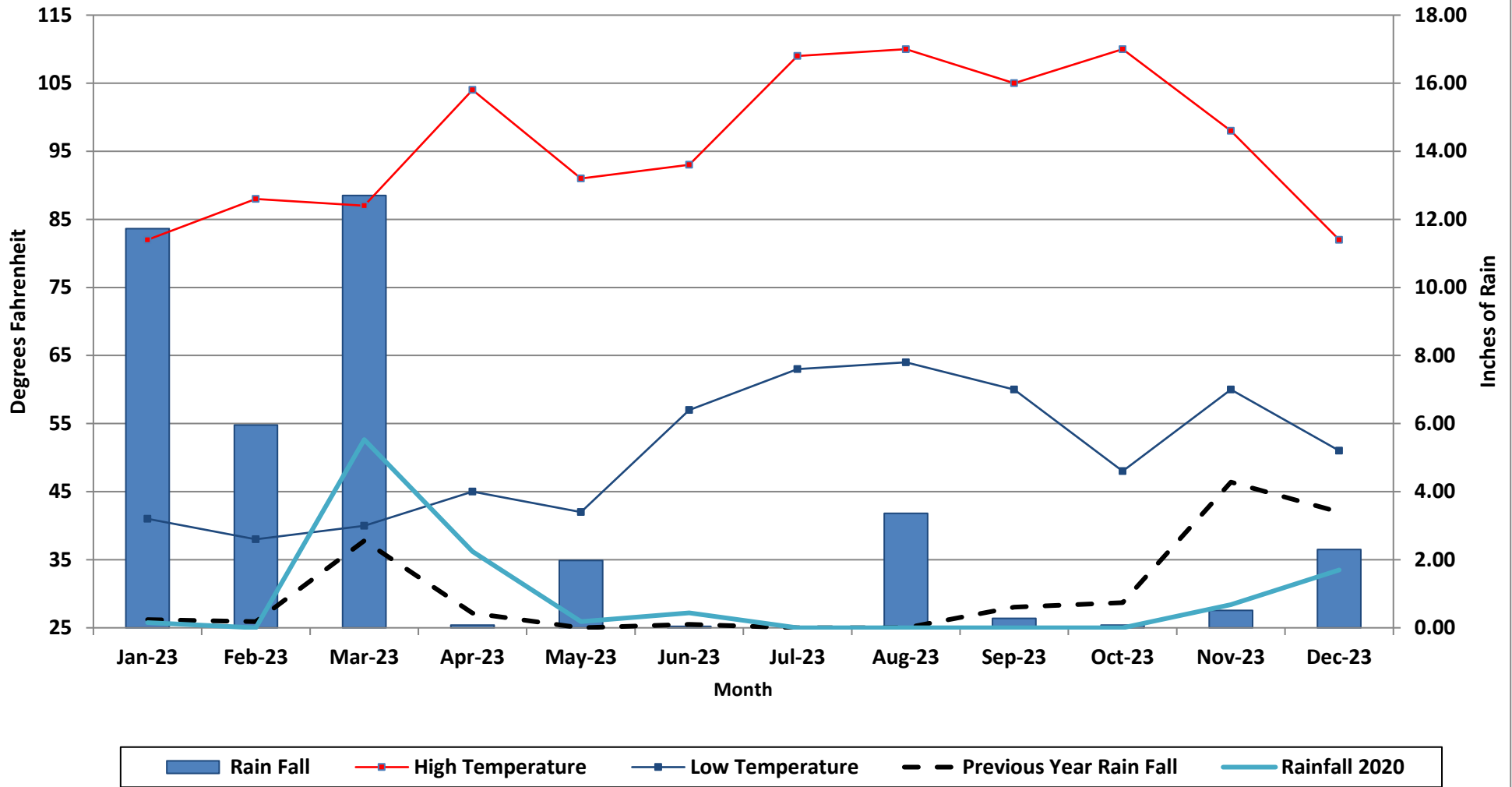
Actual Purchases (AF)		Projected Purchases (AF)				Baseline Year Purchases	
Month	Total	Budget	Low	High	Average	2013	2020
January	832	911	832	1,098	1,002	1,156	1,015
February	886	852	886	1,156	1,022	1,123	1,188
March	795	893	795	1,316	1,080	1,496	1,056
April	1,008	1,115	1,008	1,426	1,242	1,700	1,070
May	1,159	1,238	1,159	1,536	1,379	1,904	1,554
June	1,230	1,364	1,230	1,673	1,455	2,082	1,611
July	1,591	1,584	1,573	1,821	1,661	2,149	1,854
August	1,535	1,584	1,535	1,778	1,653	2,309	1,912
September	1,245	1,398	1,245	1,649	1,435	2,064	1,787
October	1,245	1,293	1,245	1,420	1,308	1,858	1,665
November	1,142	1,121	1,097	1,394	1,211	1,569	1,364
December	1,336	945	1,025	1,336	1,133	1,401	1,387
Total	14,003	14,297	13,630	17,601	15,581	20,810	17,461
Remaining Projected Purchases		-	-	-	-		
Total Projected Purchases		14,003	14,003	14,003	14,003		

Calendar Year 2023 Purchased Water



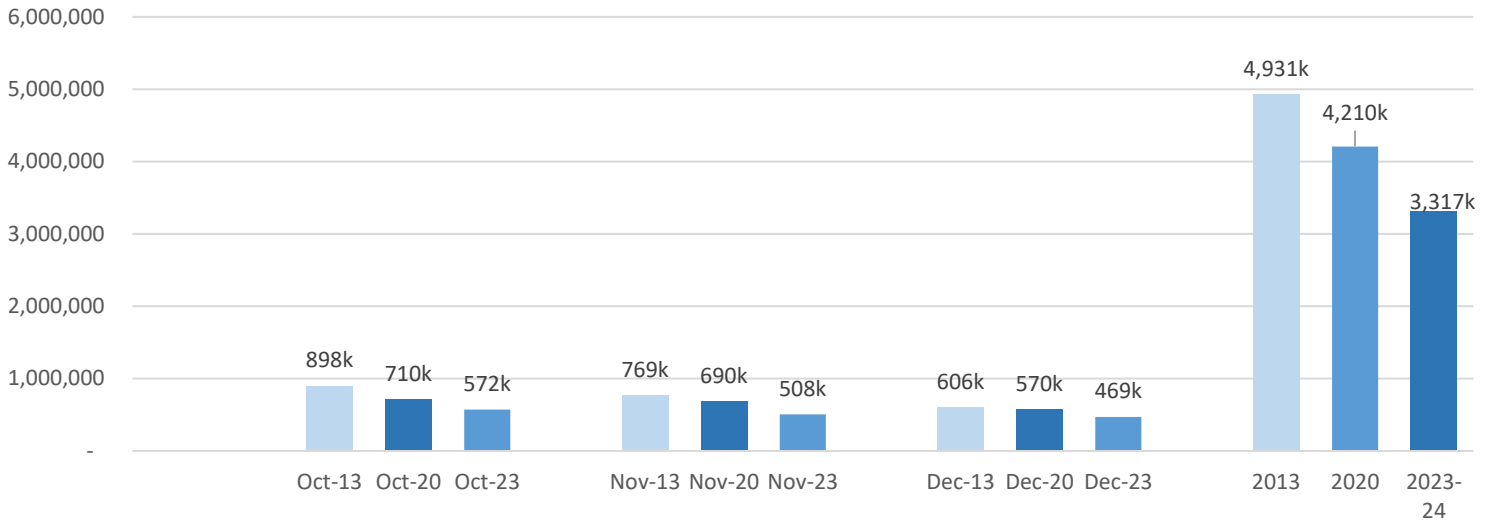
	January	February	March	April	May	June	July	August	September	October	November	December
Budget	911	852	893	1,115	1,238	1,364	1,584	1,584	1,398	1,293	1,121	945
Low	832	886	795	1,008	1,159	1,230	1,573	1,535	1,245	1,245	1,097	1,025
High	1,098	1,156	1,316	1,426	1,536	1,673	1,821	1,778	1,649	1,420	1,394	1,336
CY 2023	832	886	795	1,008	1,159	1,230	1,591	1,535	1,245	1,245	1,142	1,336
2020	1,015	1,188	1,056	1,070	1,554	1,611	1,854	1,912	1,787	1,665	1,364	1,387

Walnut Valley Water District Climate Summary

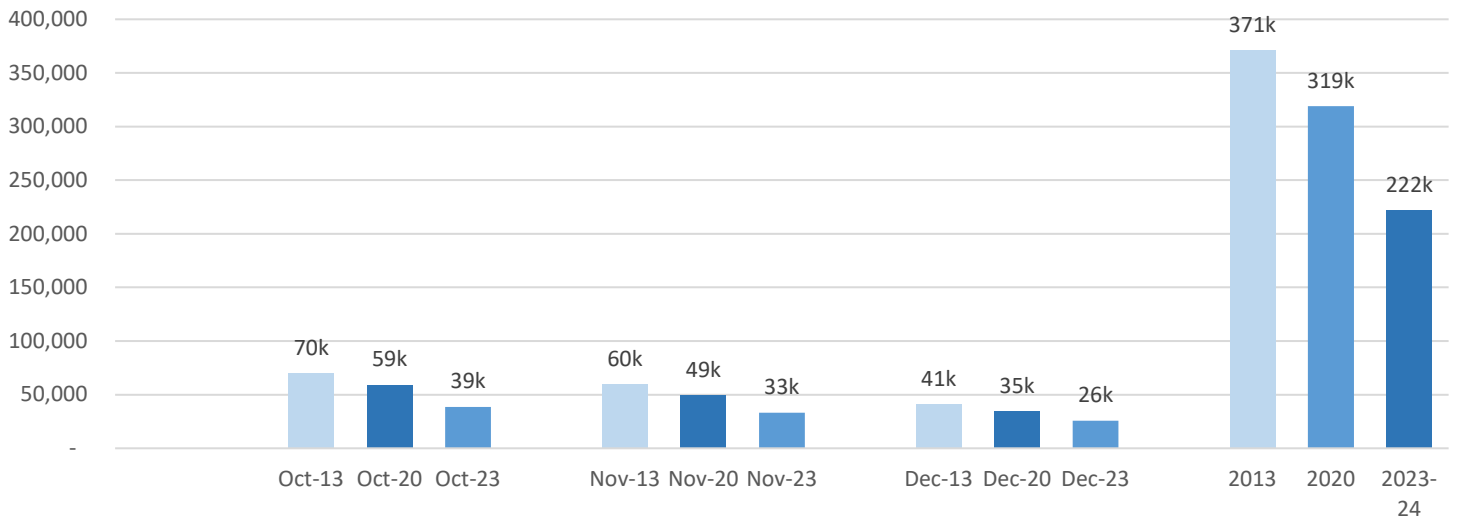


**WALNUT VALLEY WATER DISTRICT
CONSUMPTION DATA - CURRENT YEAR VERSUS 2013 & 2020 BASELINE**

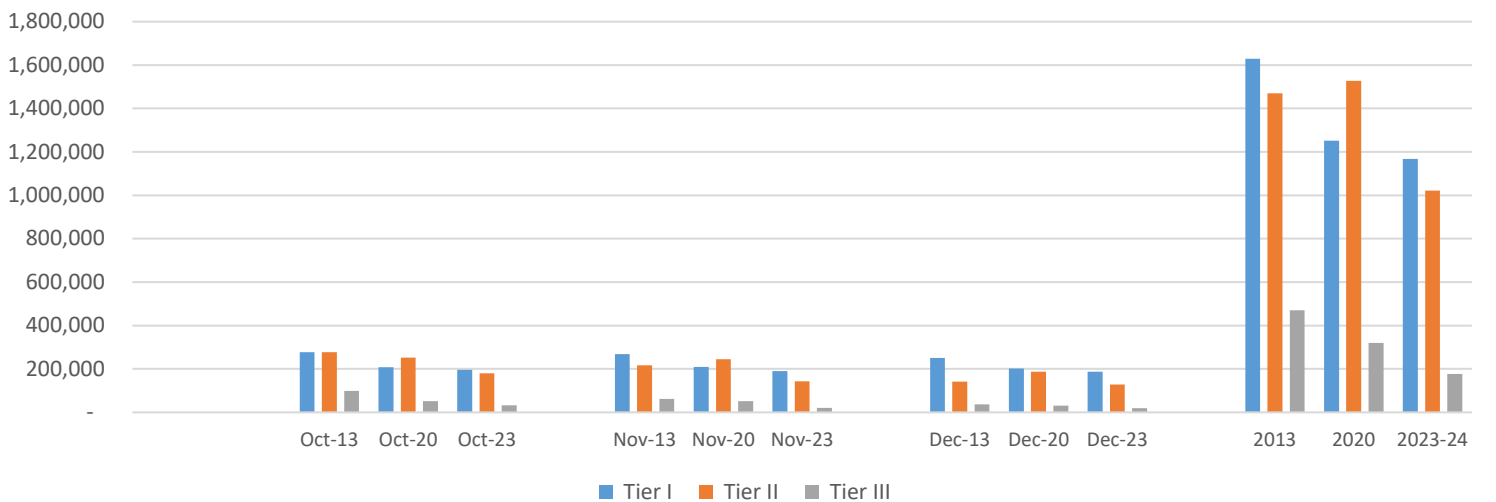
YTD Consumption Versus 2013 & 2020 Baseline



Irrigation Consumption Versus 2013 & 2020 Baseline



Residential Tiers Versus 2013 & 2020 Baseline



Walnut Valley Water District
 Monthly Consumption Versus 2013 and 2020 Baseline Years

Consumption/Water Sales																				
User Class	October					November					December					YTD (FY 23-24)				
	Oct-13	Oct-20	Oct-23	% Change 2013	% Change 2020	Nov-13	Nov-20	Nov-23	Change	% Change	Dec-13	Dec-20	Dec-23	Change	% Change	2013 YTD	2020 YTD	FY 23-24	% Change 2013	% Change 2020
COG	54,851	40,245	29,823	-46%	-26%	45,006	30,560	26,663	(18,343)	-41%	33,742	20,445	21,093	(12,649)	-37%	287,285	207,975	171,279	-40%	-18%
COM	95,658	71,070	62,266	-35%	-12%	89,223	70,581	59,788	(29,435)	-33%	69,595	57,748	51,568	(18,027)	-26%	539,798	408,122	367,194	-32%	-10%
IND	13,214	11,587	6,955	-47%	-40%	13,714	10,071	6,667	(7,047)	-51%	12,022	8,446	6,539	(5,483)	-46%	77,590	60,118	40,591	-48%	-32%
MUL	80,692	74,198	63,072	-22%	-15%	75,248	73,966	60,340	(14,908)	-20%	61,002	62,178	55,959	(5,043)	-8%	456,871	435,981	369,805	-19%	-15%
RES	654,001	513,332	409,456	-37%	-20%	546,052	504,668	354,345	(191,707)	-35%	429,303	420,842	334,231	(95,072)	-22%	3,569,314	3,097,434	2,367,636	-34%	-24%
	898,416	710,432	571,572	-36%	-20%	769,243	689,846	507,803	(261,440)	-34%	605,664	569,659	469,390	(136,274)	-22%	4,930,858	4,209,630	3,316,505	-33%	-21%
IRRIGATION																				
User Class	Oct-13	Oct-20	Oct-23	% Change 2013	% Change 2020	Nov-13	Nov-20	Nov-23	Change	% Change	Dec-13	Dec-20	Dec-23	Change	% Change	2013 YTD	2020 YTD	FY 23-24	% Change 2013	% Change 2020
COG	33,685	28,134	17,804	-47%	-37%	28,767	21,607	15,644	(13,123)	-46%	20,529	14,125	12,804	(7,725)	-38%	184,548	149,244	105,774	-43%	-29%
COM	33,660	28,832	19,457	-42%	-33%	28,388	27,214	16,188	(12,200)	-43%	18,794	19,517	11,610	(7,184)	-38%	172,898	161,013	108,404	-37%	-33%
IND	2,072	2,042	1,078	-48%	-47%	2,204	145	1,125	(1,079)	-49%	1,320	837	1,125	(195)	-15%	12,004	7,958	6,636	-45%	-17%
RES	321	216	167	-48%	-23%	271	85	101	(170)	-63%	258	110	72	(186)	-72%	1,777	900	898	-49%	0%
	69,738	59,224	38,506	-45%	-35%	59,630	49,051	33,058	(26,572)	-45%	40,901	34,589	25,611	(15,290)	-37%	371,227	319,115	221,712	-40%	-31%
RESIDENTIAL																				
Residential	Tier I	Tier II	Tier III	Total	Tier I	Tier II	Tier III	Total	Tier I	Tier II	Tier III	Total	Tier I	Tier II	Tier III	Total	Tier I	Tier II	Tier III	Total
2013	277,665	277,554	98,782	654,001	267,823	216,199	62,030	546,052	250,744	142,104	36,455	429,303	1,629,171	1,470,206	469,937	3,569,314				
2020	208,520	252,498	52,314	513,332	208,727	244,479	51,462	504,668	202,118	187,874	30,850	420,842	1,251,395	1,526,787	319,252	3,097,434				
FY 23-24	196,713	180,107	32,636	409,456	190,255	142,755	21,335	354,345	187,811	127,695	18,725	334,231	1,167,791	1,022,347	177,498	2,367,636				
% Change 2013	-29%	-35%	-67%	-37%	-29%	-34%	-66%	-35%	-25%	-10%	-49%	-22%	-28%	-30%	-62%	-34%				
% Change 2020	-6%	-29%	-38%	-20%	-9%	-42%	-59%	-30%	-7%	-32%	-39%	-21%	-7%	-33%	-44%	-24%				

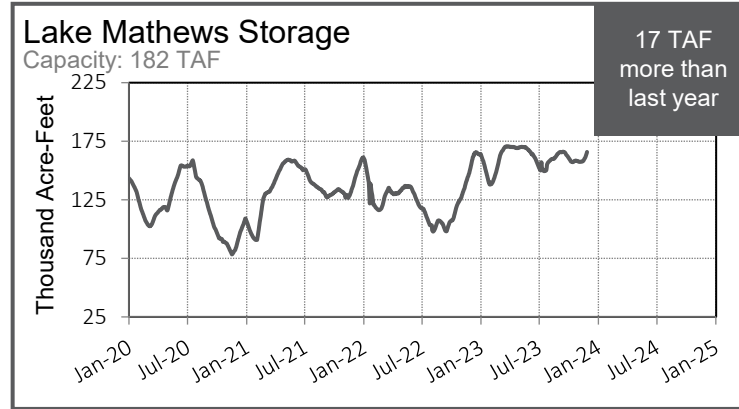
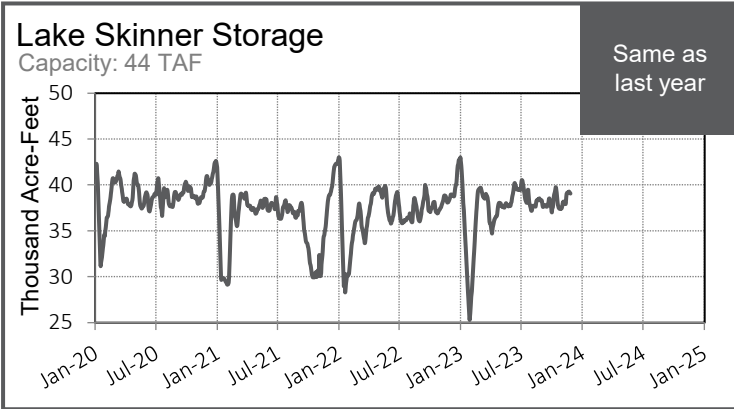
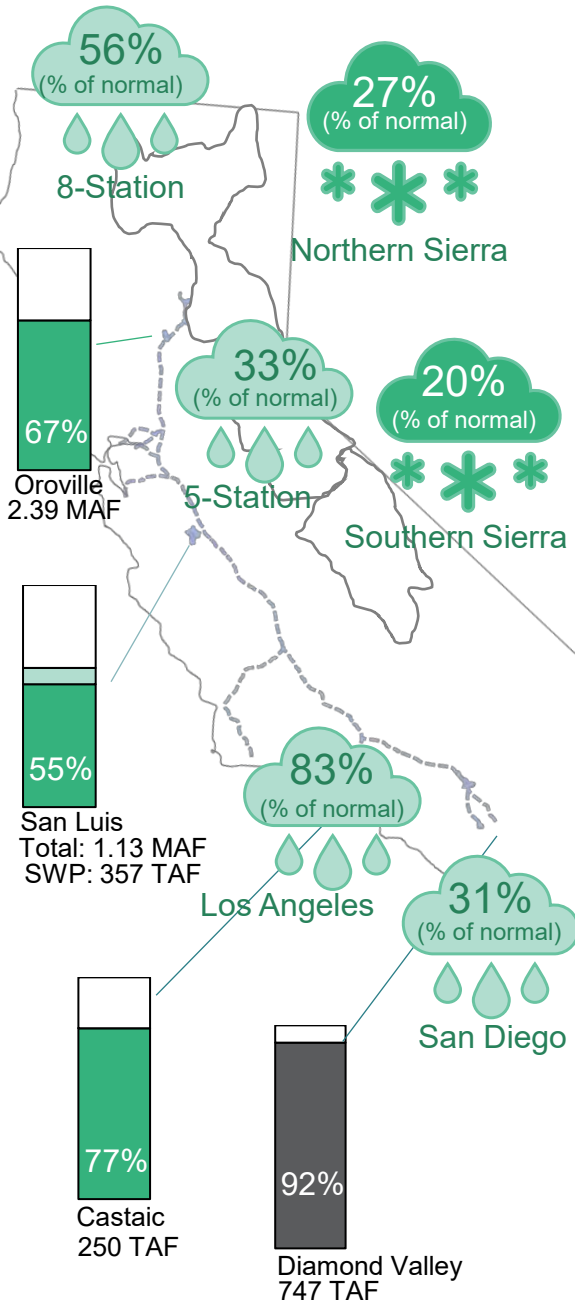
Water Purchases				
	October	November	December	Total
2013	1,858.07	1,569.13	1,401.17	11,349.36
2020	1,665.24	1,363.83	1,386.99	9,968.65
FY 23-24	1,244.82	1,142.01	1,335.51	8,093.35
% Change 2013	-33%	-27%	-5%	(1.64)
% Change 2020	-25%	-16%	-4%	(1.09)



2023 SWP Table A – 100% - 1,911,500 AF

Projected 2023 CRA Diversions – 662,000 AF

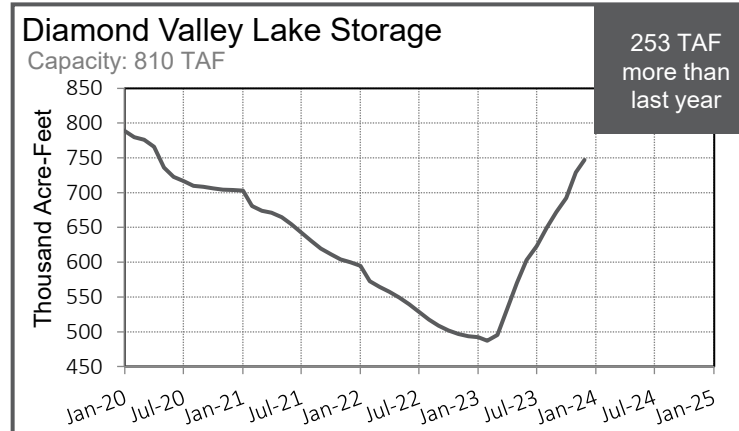
Metropolitan Resources



MWD WSDM Storage

Calendar Year 2023

	Projected Storage Balance (end of 2023)
Lake Mead ICS	1,544 MAF
State Water Project System	988 TAF
In-Region Supplies and WSDM Actions	1,031 MAF



Highlights

The initial State Water Project allocation for 2024 is 10% of Table A

Learn more about imported supplies:

- State Water Project - <https://www.mwdh2o.com/state-water-project-map/>
- Colorado River Aqueduct - <https://www.mwdh2o.com/colorado-river-aqueduct-map/>

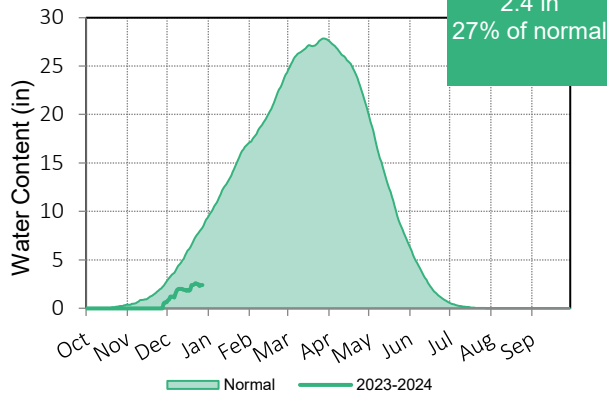


This report is produced by the Water Resource Management Group and contains information from various federal, state, and local agencies. The Metropolitan Water District of Southern California cannot guarantee the accuracy or completeness of this information. Readers should refer to the relevant state, federal, and local agencies for additional or for the most up to date water supply information. Reservoirs, lakes, aqueducts, maps, watersheds, and all other visual representations on this report are not drawn to scale. Questions? Email mferreira at mwdh2o dot com

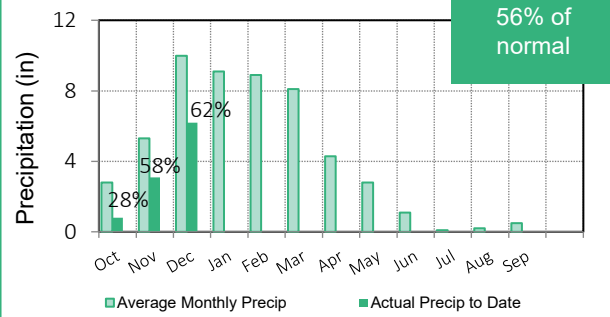
State Water Project Resources

As of: 12/26/2023

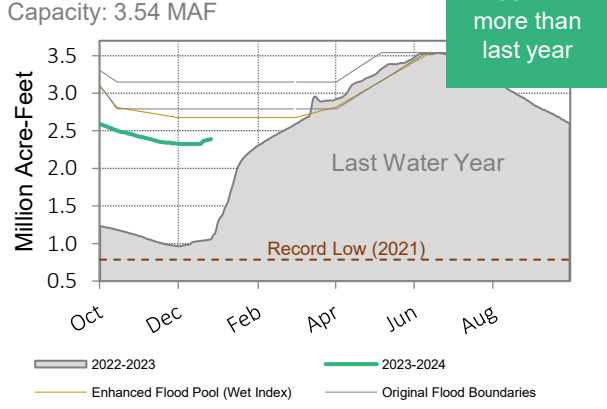
Northern Sierra Snowpack



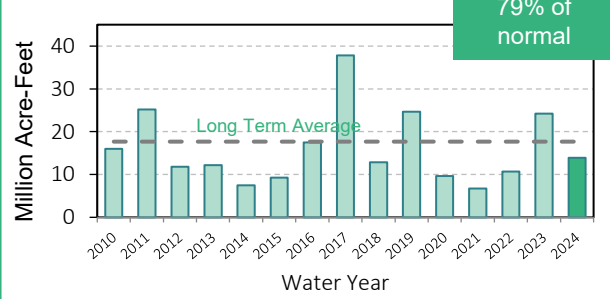
8 Station Index Precipitation



Oroville Reservoir Storage



Sacramento River Runoff

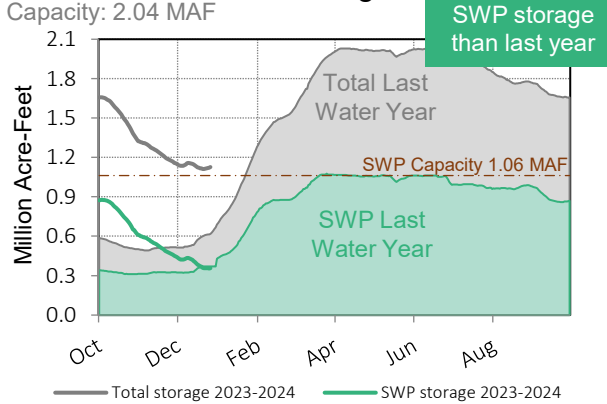


Other SWP Supplies

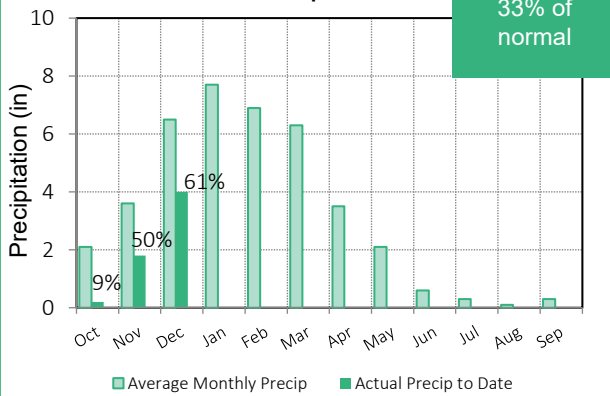
Calendar Year 2023

Carryover 39,000 acre-feet
Article 21 134,000 acre-feet

San Luis Reservoir Storage



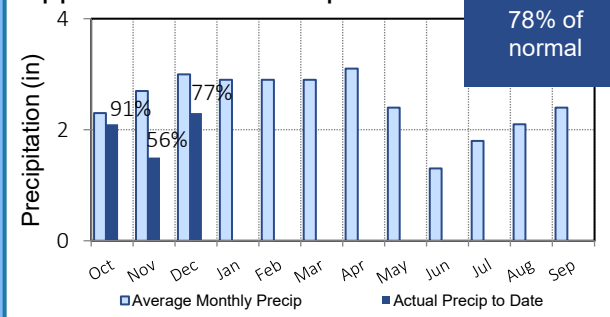
5 Station Index Precipitation



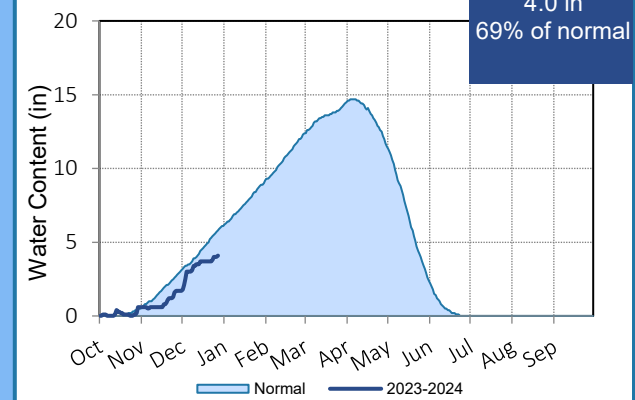
Colorado River Resources

As of: 12/26/2023

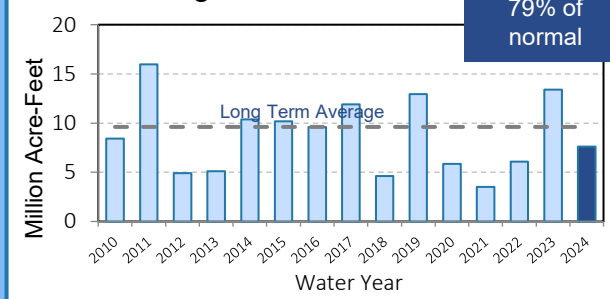
Upper Colorado Precipitation



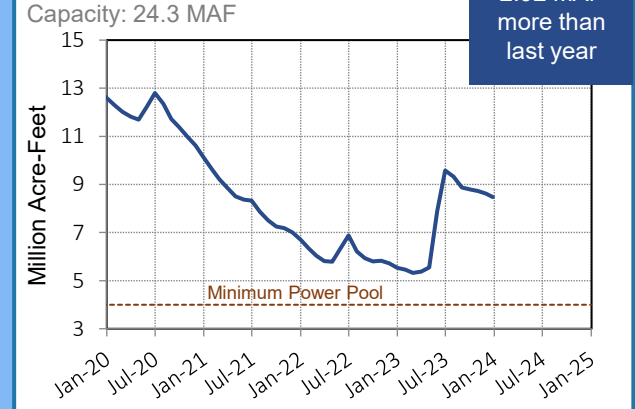
Upper Colorado Snowpack



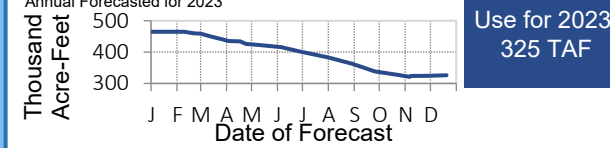
Powell Unregulated Inflow



Lake Powell Storage



PVID/Yuma Agricultural Use



Projected Lake Mead ICS

Calendar Year 2023

Put (+) / Take (-)
+ 450,000 acre-feet

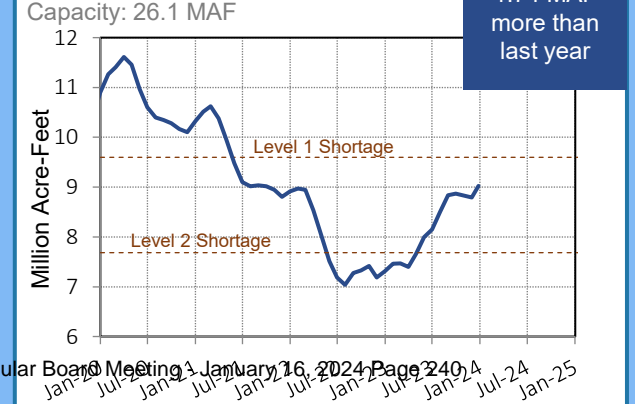
Lake Mead Surplus/Shortage Outlook

	2024	2025	2026
Surplus	0%	0%	0%
Shortage	100%	93%	77%
Metropolitan DCP*			20% 195 TAF

Likelihood based on results from the August 2023 CRMMs in Ensemble Model/CRSS model run. Includes DCP Contributions.

* Chance of required DCP contribution by Metropolitan. Volume average contribution when needed.

Lake Mead Storage



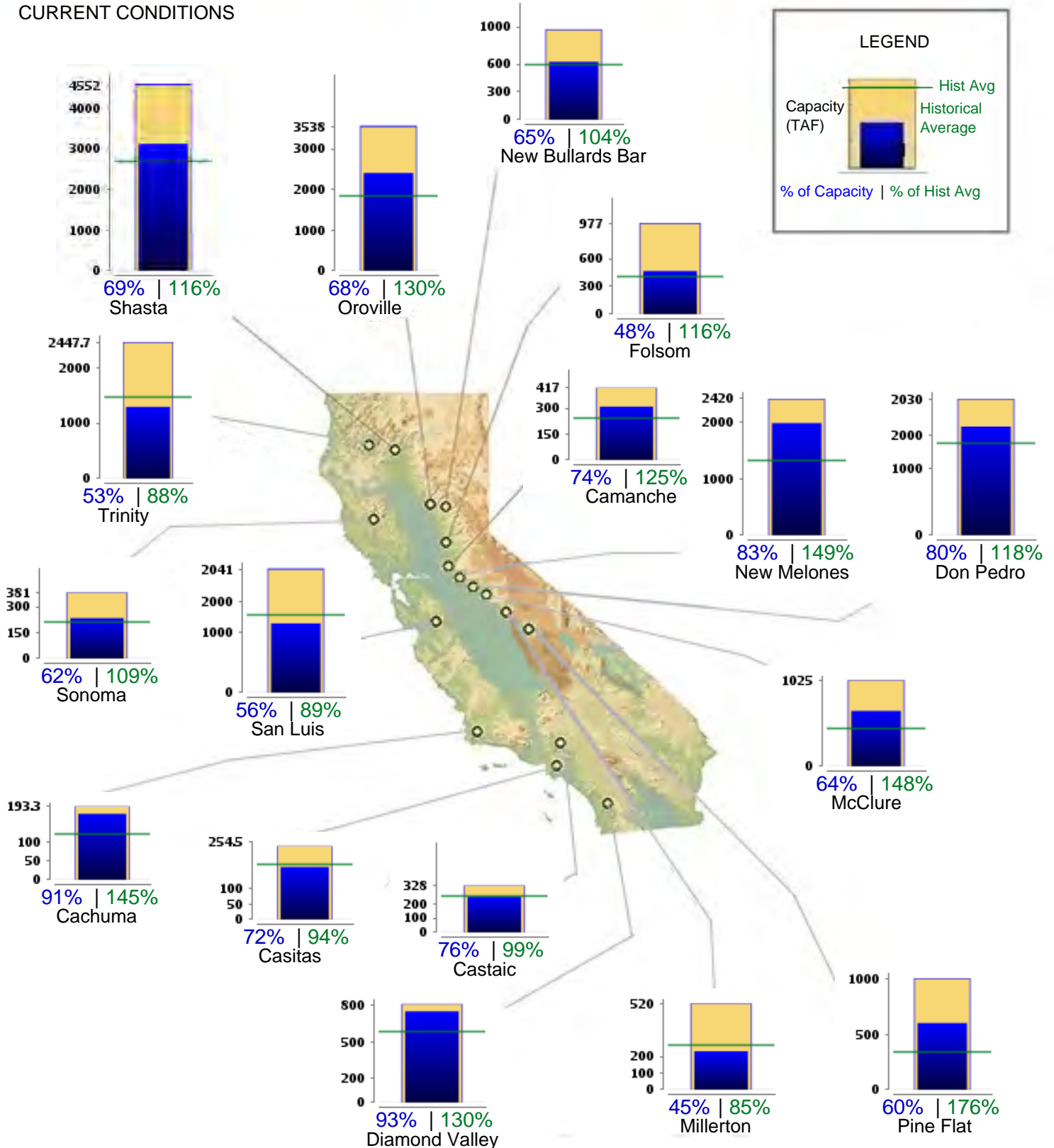


CURRENT RESERVOIR CONDITIONS

CALIFORNIA MAJOR WATER SUPPLY RESERVOIRS

Midnight - January 1, 2024

CURRENT CONDITIONS





WVWD – Staff Report

TO: Board of Directors
FROM: General Manager
DATE: January 16, 2024
SUBJECT: Consideration of Annual Committee Selections for Calendar Year 2024

Action/Discussion Fiscal Impact Resolution Information Only

Recommendation

That the Board select Chair/Member/Alternate positions per the District's *Standing Committee Selection Process* for the following standing committees noted below.

1. Engineering and Special Projects
2. Personnel
3. Finance
4. Public Information and Community Relations/Legislative Action

All changes, following approval, will be effective at the conclusion of the January 16, 2024, Regular Board Meeting.

Background Information

At the December 11, 2023 Board meeting, the Board deferred the selection of standing committee assignments. Standing Committee positions are selected by the Directors on a "chain-of-command" basis under the District's *Standing Committee Selection Process* policy.

Attached for your information and review is a roster showing the current composition of the District Standing Committee assignments.

Attachments

Standing Committee Selection Process
2023 Standing Committee

**WALNUT VALLEY WATER DISTRICT
Standing Committee Selection Process**

The Standing Committee Selection Process shall include the following provisions:

1. After the annual reorganization of officers, Board Members shall select their preferred standing committee assignments in the following order:

President
1st Vice President
2nd Vice President
Assistant Treasurer
Director

Newly elected or appointed directors shall not serve as chair of a committee during his/her first year in office, unless this provision is waived by the Board of Directors.

2. The process to be observed for filling standing committee assignments:

The incoming President will select a committee position, with each member following suit in a rotational order as identified under Section 1 above. Thereafter, until all positions are filled, the process will continue. Each Board member may select any open position, chair, committee member, or alternate, based on preference, subject to the exception for new directors during the first year of their service on the Board. If a Board member does not wish to select any position that remains when it is his/her turn, that Board member may pass and the choice moves to the next Board member in order of rotation until all the positions are filled. Any positions not filled through this process shall be appointed by the incoming President.

In the event that two of the three members that constitute a particular committee cannot attend the monthly meeting(s), the Board President may contact other Board members to appoint them on an as-needed basis.

Any committee vacancy created as a result of a Director resigning from the committee or leaving office shall be filled in the following manner:

- a. If the chair position is vacated, the Director filling the committee member position will ascend to the chair position, subject to the exception for new directors during the first year of their service on the Board (unless waived by the Board of Directors). If neither member is eligible, then the position of "chair" will be appointed by the president.
 - b. If the committee member position is vacated, the alternate Director will ascend to the member position.
 - c. If the alternate committee member position is vacated, the President shall appoint a replacement alternate committee member.
3. The following committee oversight responsibilities to be updated in the next revision of the District's Policy Guidelines:

Engineering and Special Projects – Operation, protection and maintenance of District facilities. Initiation of construction programs. Long-range planning.

Finance – Annual budget, quarterly budget reports, fiscal master plan, audits, investments, risk management, insurance, revenues and expenses.

Personnel – Staffing and organizational issues, employment related policies, Terms and Conditions of Employment, and Board Policies and Ethics issues.

Public Information/Community Relations and Legislative Action – Public information goals, objectives and methods, community relations programs, and Best Management Practices; and District liaison for legislative activities relating to the water industry.

4. Consistent with long-standing District practice, committee meetings will be scheduled by District staff during regular working hours whenever possible, with consideration given to the committee chair's schedule.

This Standing Committee Selection Process shall be reviewed by the Personnel Committee on an annual basis.

Walnut Valley Water District



Board of Directors

February-December 2023

2023 Standing Committees

<i>Public Information/Community Relations/Legislative Action</i>
Scarlett P. Kwong, Chair
Edwin M. Hilden
Henry Woo, <i>Alternate</i>
<i>Finance</i>
Theresa Lee, Chair
Jerry Tang
Edwin M. Hilden, <i>Alternate</i>
<i>Engineering and Special Projects</i>
Theresa Lee, Chair
Henry Woo
Scarlett P. Kwong, <i>Alternate</i>
<i>Personnel</i>
Edwin M. Hilden, Chair
Jerry Tang
Theresa Lee, <i>Alternate</i>

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
DATE: January 16, 2024
SUBJECT: Consideration of Annual Board Commission and Agency Assignment
Selections for Calendar Year 2024

Action/Discussion **Fiscal Impact** **Resolution** **Information Only**

Recommendation

That President Lee appoints District representatives to commission and agency assignments for the calendar year 2024.

Background Information

At the December 11, 2023 Board meeting, the Board deferred approval of the commission/agency assignments to the January 16, 2024 Board meeting. The Board was therefore asked to advise Director Lee of their interest in serving as District representatives on the commissions and agencies listed on the attached list.

The roster of the 2023 composition of Commission/Agency assignments is attached for President Lee's consideration.

Attachments as noted



Commission/Agency Assignments

Position	2023
Joint Water Line Commissioner*	Scarlett Kwong
Joint Water Line Commissioner – Alternate*	Edwin Hilden
Puente Basin Water Agency Representative*	Theresa Lee
Puente Basin Water Agency Representative*	Henry Woo
Puente Basin Water Agency Representative – Alternate*	Scarlett Kwong
TVMWD Representative	Edwin Hilden
TVMWD Representative – Alternate	Henry Woo
JPIA Board Member	Theresa Lee
JPIA Board Member – Alternate	Edwin Hilden
JPIA Property Program Committee Member	Theresa Lee
ACWA Voting Delegate	Edwin Hilden
ACWA Voting Delegate – Alternate	Henry Woo
ACWA Region 8 Delegate	Theresa Lee
ACWA Region 8 Delegate – Alternate	Henry Woo
Regional Chamber Representative	Scarlett Kwong
Regional Chamber Representative – Alternate	Edwin Hilden
Spadra Basin Executive Committee Member*	Jerry Tang
Spadra Basin Executive Committee Member—Alternate*	Theresa Lee

** Approved by resolution*

Ad Hoc Committee	
Building Ad Hoc (established August 24, 2023)	Theresa Lee Henry Woo
Succession Planning Ad Hoc (established August 24, 2023)	Theresa Lee Jerry Tang

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
DATE: January 16, 2024
SUBJECT: Adoption of Resolution No. 01-24-727 Appointing Representatives to the Pomona-Walnut-Rowland Joint Water Line Commission

Action/Discussion Fiscal Impact Resolution Information Only

Recommendation

That the Board of Directors approve Resolution No. 01-24-727 appointing representatives to the Pomona-Walnut-Rowland (P-W-R) Joint Water Line Commission.

Background Information

To comply with the P-W-R Joint Water Line Commission Joint Powers Agreement and bylaws, it is necessary to appoint representatives by resolution. A draft resolution for that purpose is attached for review.

Agency	Position
P-W-R Joint Water Line Commission	One Representative / One Alternate

Following adoption, staff will prepare the resolution for signature by President Lee, and provide copies of the signed resolution to the agency.

Attachments

Resolution No. 01-24-727

RESOLUTION NO. 01-24-727

**RESOLUTION OF THE WALNUT VALLEY WATER DISTRICT
BOARD OF DIRECTORS
APPOINTING REPRESENTATIVES TO THE P-W-R JOINT WATER LINE COMMISSION**

WHEREAS, the Walnut Valley Water District is a contracting public agency with a vested interest in the POMONA-WALNUT-ROWLAND (P-W-R) JOINT WATER LINE; and

WHEREAS, the P-W-R Joint Waterline Commission Bylaws provide that the P-W-R JOINT WATER LINE shall be governed by a Commission consisting of three commissioners, and that the governing body of each of the contracting agencies shall annually appoint one representatives to the Commission and one alternate to serve in the absence of the appointed representative; and,

WHEREAS, each contracting public agency must file with the P-W-R JOINT WATER LINE COMMISSION a certified copy of the resolution appointing the Commissioner and Alternate(s);

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Walnut Valley Water District:

1. That _____, who is a member of the Board of Directors of the Walnut Valley Water District, shall be appointed as representative of the Walnut Valley Water District to serve on the P-W-R JOINT WATER LINE COMMISSION.
2. That _____, who is a member of the Board of Directors of the Walnut Valley Water District, shall be appointed as an alternate representative of the Walnut Valley Water District to serve on the P-W-R JOINT WATER LINE COMMISSION in the absence of the appointed representative.
4. That the representative and the alternate appointed herein shall serve for a term of one year unless removed and replaced at the pleasure of the Board of Directors, or unless such representative or alternate resigns or becomes incapacitated.
5. That a certified copy of this Resolution be provided to the P-W-R JOINT WATER LINE COMMISSION.

**ADOPTED AT A REGULAR MEETING OF THE WALNUT VALLEY WATER DISTRICT HELD
January 16, 2024.**

**AYES:
NOES:
ABSENT:
ABSTAIN:**

Theresa Lee
President, Board of Directors

ATTEST:

Erik Hitchman
Secretary, Board of Directors

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
DATE: January 16, 2024
SUBJECT: Adoption of Resolution No. 01-24-728 Appointing Representatives to the Puente Basin Water Agency

Action/Discussion **Fiscal Impact** **Resolution** **Information Only**

Recommendation

The Board of Directors approve Resolution No. 01-24-728, appointing representatives to the Puente Basin Water Agency (PBWA).

Background Information

To comply with the PBWA Joint Powers Agreement and bylaws, it is necessary to appoint representatives by resolution. A draft resolution for that purpose is attached for review.

Agency	Position
Puente Basin Water Agency Commission	Two Representatives / One Alternate

Following adoption, staff will prepare the resolutions for signature by President Lee, and provide copies of the signed resolution to the agency.

Attachments

Resolution No. 01-24-728

RESOLUTION NO. 01-24-728

**RESOLUTION OF THE WALNUT VALLEY WATER DISTRICT
BOARD OF DIRECTORS
APPOINTING REPRESENTATIVES TO THE PUENTE BASIN WATER AGENCY**

WHEREAS, the Walnut Valley Water District entered into an Amended Restated and Renewed Joint Powers Agreement creating the PUENTE BASIN WATER AGENCY, dated October 28, 2009, with Rowland Water District, (the PBWA Agreement); and,

WHEREAS, the PBWA Agreement provides that the PUENTE BASIN WATER AGENCY shall be governed by a Commission consisting of four commissioners, and that the governing body of each of the members shall annually appoint two representatives to the Commission and one alternate to serve in the absence of either of the appointed representatives; and,

WHEREAS, the PBWA Agreement further provides that at least one of the appointed representatives of each member shall be a director on the governing board of the appointing member; and,

WHEREAS, each Commissioner must file with the PUENTE BASIN WATER AGENCY a certified copy of the resolution of the member appointing him or her,

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Walnut Valley Water District:

1. That _____, who is a member of the Board of Directors of the Walnut Valley Water District, shall be appointed as a representative of the Walnut Valley Water District to serve on the Commission of the PUENTE BASIN WATER AGENCY.
2. That _____, who is a member of the Board of Directors of the Walnut Valley Water District, shall be appointed as a representative of the Walnut Valley Water District to serve on the Commission of the PUENTE BASIN WATER AGENCY.
3. That _____, who is a member of the Board of Directors of the Walnut Valley Water District, shall be appointed as an alternate representative of the Walnut Valley Water District to serve on the Commission of the PUENTE BASIN WATER AGENCY in the absence of either of the appointed representatives.
4. That each of the representatives and alternate appointed herein shall serve for a term of one year unless removed and replaced at the pleasure of the Board of Directors, or unless such representative or alternate resigns or becomes incapacitated.
5. That a certified copy of this Resolution be provided to the PUENTE BASIN WATER AGENCY.

**ADOPTED AT A REGULAR MEETING OF THE WALNUT VALLEY WATER DISTRICT
HELD January 16, 2024.**

**AYES:
NOES:
ABSENT:
ABSTAIN:**

Theresa Lee
President, Board of Directors

ATTEST:

Erik Hitchman
Secretary, Board of Directors

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
DATE: January 16, 2024
SUBJECT: Adoption of Resolution No. 01-24-729 Appointing Representatives to the Spadra Basin Groundwater Sustainability Agency Executive Committee

Action/Discussion Fiscal Impact Resolution Information Only

Recommendation

That the Board of Directors approve Resolution No. 01-24-729, appointing representatives to the Spadra Basin Groundwater Sustainability Agency (GSA) Executive Committee.

Background Information

To comply with the Spadra Basin GSA Joint Powers Agreement and bylaws, it is necessary to appoint representatives by resolution. A draft resolution for that purpose is attached for review.

Agency	Position
Spadra Basin GSA Executive Committee	One Representative / One Alternate

Following adoption, staff will prepare the resolution for signature by President Lee, and provide copies of the signed resolution to the respective agency.

Attachments

Resolution No. 01-24-729

RESOLUTION NO. 01-24-729

**RESOLUTION OF THE WALNUT VALLEY WATER DISTRICT
BOARD OF DIRECTORS
APPOINTING DISTRICT REPRESENTATION ON THE EXECUTIVE COMMITTEE OF THE
SPADRA BASIN GROUNDWATER SUSTAINABILITY AGENCY**

WHEREAS, the Walnut Valley Water District entered into a multiagency agency agreement with the city of Pomona to establish the SPADRA BASIN GROUNDWATER SUSTAINABILITY AGENCY (the "Agency"), through execution of a Memorandum of Agreement dated January 2017, with the city of Pomona (the "Agreement"); and,

WHEREAS, the Agreement provides that the SPADRA BASIN GROUNDWATER SUSTAINABILITY AGENCY shall be governed by a two-member Executive Committee, and that the governing body of each of the members shall annually appoint one representative to the Executive Committee, and the Agency's operating rules will provide for one alternate to be appointed to serve in the absence of the appointed representative; and,

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Walnut Valley Water District:

1. That _____, Director, who is of the Walnut Valley Water District Board of Directors, shall be appointed as a representative of the Walnut Valley Water District to serve on the Executive Committee of the SPADRA BASIN GROUNDWATER SUSTAINABILITY AGENCY.
2. That _____, who is of the Walnut Valley Water District Board of Directors, shall be appointed as a representative of the Walnut Valley Water District to serve as an Alternate Representative to the Executive Committee of the SPADRA BASIN GROUNDWATER SUSTAINABILITY AGENCY.
3. That each of the representative and alternate appointed herein shall serve for a term of one year unless removed and replaced at the pleasure of the Board of Directors, or unless such representative or alternate resigns or becomes incapacitated.
4. That a certified copy of this Resolution shall be provided to the Spadra Basin Groundwater Sustainability Agency.

**ADOPTED AT A REGULAR MEETING OF THE WALNUT VALLEY WATER DISTRICT
HELD January 16, 2024.**

**AYES:
NOES:
ABSENT:
ABSTAIN:**

Theresa Lee
President, Board of Directors


ATTEST:

Erik Hitchman
Secretary, Board of Directors



MEMORANDUM

To: Los Angeles County Independent Special Districts

From: William F. Kruse, Special Counsel 

Date: January 8, 2024

Subject: Nomination of Candidates for Special District Voting Member

As you know, since 1994 special districts in Los Angeles County have been represented by two voting members and one alternate member of the Local Agency Formation Commission. On May 6, 2024, the four-year term for Special District Voting Member Don Dear will conclude. On behalf of the special districts of Los Angeles County, LAFCO has appointed us to assist in conducting the elections to fill these vacancies.

By law, independent special district seats on LAFCO are filled by the Special District Selection Committee. That Committee is made up of the presiding officers of each independent special district in Los Angeles County.

In order to expedite the process of electing the voting member, I have included a form to be used to nominate candidates for consideration for the position. After nominations are received, each district will receive a complete package of nominee resumes, together with a ballot for consideration by the presiding officer of your board. Voting will be conducted by mailed ballot.

Nominations for the Committee's consideration are welcome. Please provide as much relevant information about the candidates as reasonably possible. Any biographical information and/or candidate statement should be **limited to one page**. Please remember that, to be eligible, the nominee must be an elected official or appointed to your board for a fixed term, but shall not be members of the legislative body of a city or county (Government Code § 5633(c)). Nominations must be received in the office of Lagerlof, LLP, **ATTN: WILLIAM F. KRUSE**, no later than **5:00 p.m. on February 29, 2024**.

Please feel free to contact me directly with any questions.

Voice: (626) 793-9400

Fax: (626) 793-5900

NOMINATION
OF
INDEPENDENT SPECIAL DISTRICT **VOTING MEMBER**
TO THE
LOS ANGELES COUNTY LOCAL AGENCY FORMATION COMMISSION

To: Independent Special District Selection Committee

From: _____

Date: _____

Name of Candidate: _____

_____ is pleased to nominate
_____ as a candidate for appointment as special district **voting member** to the Los Angeles Local Agency Formation Commission. The nominee is an elected official or a member of the board of an independent special district appointed for a fixed term. For your consideration, we submit the following additional information together with a resume of the candidate's qualifications.

Elective office: _____

Agency: _____

Type of Agency: _____

Term Expires: _____

Residence Address: _____

Telephone: _____

PLEASE ATTACH RESUME OR CANDIDATE STATEMENT (limit one page)

(Name of Agency)

By: _____

Its: _____