



Board of Directors *Regular Meeting*



COMMUNICATION
Sharing our value with
the community

ENGAGEMENT
Building awareness and participation
within our organization, our community
and our industry

TEAMWORK
Connecting with each other to
advance the organization

RESILIENCE
Adapting well in the face
of adversity

ACCOUNTABILITY
Acting responsibly and with our
customers in mind

EXCELLENCE
Providing the very best for
our customers

January 9, 2024, at 6:00 p.m.

3021 Fullerton Road, Rowland Heights, CA 91748
(562) 697-1726 | RWD.org



AGENDA

Regular Meeting of the Board of Directors
3021 Fullerton Road
Rowland Heights, CA 91748
January 9, 2024 -- 6:00 PM

Agenda materials are available for public review at <https://www.rwd.org/agendas-minutes/>. Materials related to an item on this Agenda submitted after distribution of the Agenda packet are available for public review at the District office located at 3021 Fullerton Road, Rowland Heights, CA 91748.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL OF DIRECTORS

Szu Pei Lu-Yang, President
John Bellah, Vice President
Vanessa Hsu
Robert W. Lewis
Anthony J. Lima

ADDITION(S) TO THE AGENDA

PUBLIC COMMENT ON NON-AGENDA ITEMS

Any member of the public wishing to address the Board of Directors regarding items not on the Agenda within the subject matter jurisdiction of the Board should do so at this time. With respect to items on the agenda, the Board will receive public comments at the time the item is opened for discussion, prior to any vote or other Board action. A three-minute time limit on remarks is requested.

Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Gabriela Palomares, Executive Services Manager, at (562) 383-2323, or writing to Rowland Water District, at 3021 Fullerton Road, Rowland Heights, CA 91748. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Anyone requesting a disability-related accommodation should make the request with adequate time prior to the meeting in order for the District to provide the requested accommodation.

Any member of the public wishing to participate in the meeting, who requires a translator to understand or communicate in English, should arrange to bring a translator with them to the meeting.

1. CONSENT CALENDAR

All items under the Consent Calendar are considered to be routine matters, status reports, or documents covering previous Board instruction. The items listed on the Consent Calendar will be enacted by one motion unless separate discussion is requested.

1.1 Approval of the Minutes of Regular Board Meeting held on December 12, 2023

Recommendation: The Board of Directors approve the Minutes as presented.

1.2 Approval of the Minutes of Special Board Meeting held on December 19, 2023

Recommendation: The Board of Directors approve the Minutes as presented.

1.3 Demands on General Fund Account for November 2023

Recommendation: The Board of Directors approve the demands on the general fund account as presented.

1.4 Investment Report for November 2023

Recommendation: The Board of Directors approve the Investment Report as presented.

1.5 Water Purchases for November 2023 - For information only.

1.6 California Reservoir Conditions – For information only.

Special Board Meeting: January 23, 2024

Regular Board Meeting: February 13, 2024

2. ACTION ITEMS

This portion of the Agenda is for items where staff presentations and Board discussions are needed prior to formal Board action.

2.1 Review and Approve “Draft” Rowland Water District Financial Audit Report for Fiscal Year 2022-2023, Prepared by Nigro & Nigro, PC

Recommendation: The Board of Directors receive and approve the District’s “Draft” Financial Audit as included in the Board packet.

2.2 Review and Approve Directors’ Meeting Reimbursement December 2023

Recommendation: The Board of Directors approve the Meeting Reimbursements as presented.

2.3 Consider Approval of Agreement to Purchase Property Located at 804 South Azusa Avenue, City of Industry, California from the City of Industry

Recommendation: The Board approve the Agreement to Purchase Property Located at 804 South Azusa Avenue, City of Industry, California, from the City of Industry.

2.4 Restated Memorandum of Understanding (MOU) Regarding Public Water Agencies Group (PWAG) Emergency Preparedness Coordinator Position

Recommendation: The Board of Directors review, discuss, and approve the MOU as included in the Board packet.

2.5 Receive and File the Puente Basin Water Agency Financial Statements for FY 2022-2023 Prepared by Fedak & Brown LLP

Recommendation: The Board receive and file the Puente Basin Water Agency Financial Statements for FY 2022-2023 as included in the Board packet.

- 2.6 [Receive and File the Pomona-Walnut-Rowland Joint Water Line Commission Financial Statements for FY 2022-2023 Prepared by Fedak & Brown LLP](#)
Recommendation: The Board receive and file the P-W-R JWL Financial Statements for FY 2022-2023 as included in the Board packet.

- 2.7 **Request Additional Funds for Reservoir 8 Project**
Recommendation: The Board approve an additional \$343,500 in funds for the Reservoir 8 project.

- 2.8 [Approve Changes in IRS Mileage Rate from 65.5 to 67 cents effective January 1, 2024](#)
Recommendation: The Board of Directors approve the IRS rate as presented.

3. PUBLIC RELATIONS

- 3.1 [Communications Outreach](#)

CV Strategies

- 3.2 [Education Update](#)

Gabriela Palomares

4. DISCUSSION OF UPCOMING CONFERENCES, WORKSHOPS, OR EVENTS

(Including items that may have arisen after posting of the agenda)

- 4.1 [SGV Chapter California Special District Association \(CSDA\) Exploratory Luncheon January 31, 2024, 11:15 a.m. – 1:00 p.m., at Three Valleys Municipal Water District](#)

5. LEGISLATIVE INFORMATION

6. REVIEW OF CORRESPONDENCE

7. COMMITTEE & ORGANIZATION REPORTS *(verbal reports)*

- 7.1 [Joint Powers Insurance Authority](#)

Directors Lu-Yang/Hsu

- ACWA/JPIA Annual Loss Review and Risk Assessment Visit
- ACWA/JPIA “President’s Special Recognition Award”

- 7.2 Three Valleys Municipal Water District

Directors Lima/Bellah

- 7.3 Association of California Water Agencies

Directors Lewis/Bellah

- 7.4 Puente Basin Water Agency

Directors Lima/Lewis

- 7.5 Project Ad-Hoc Committee

Directors Lima/Lu-Yang

- 7.6 Regional Chamber of Commerce-Government Affairs Committee

Directors Bellah/Lewis

- 7.7 P-W-R Joint Water Line Commission

Directors Lima/Bellah

- 7.8 Rowland Heights Community Coordinating Council

Directors Lu-Yang/Bellah

- 7.9 Local Agency Formation Commission

Director Lewis

8. OTHER REPORTS, INFORMATION ITEMS AND COMMENTS

- 8.1 [Finance Report](#)

Mrs. Malner

- 8.2 Operations Report

Mr. Davidson

8.3 Project Updates

Mr. Moisisio

8.4 Personnel Report

Mr. Coleman

9. ATTORNEY'S REPORT

Mr. Byrne

10. CLOSED SESSION

a. CONFERENCE WITH REAL PROPERTY NEGOTIATOR – [§54956.8]

Property: Portion of Property Located at Anaheim & Puente Road
City of Industry, CA
District Negotiator: Tom Coleman, General Manager
Negotiating Parties: City of Industry
Under Negotiation: Price and Terms

b. CONFERENCE WITH REAL PROPERTY NEGOTIATOR – [§54956.8]

Property: Assessor Parcel Numbers 8266-002-900, 8266-002-901 and
8269-003-903
District Negotiator: Tom Coleman, General Manager
Negotiating Parties: Puente Hills Habitat Authority
Under Negotiation: Price and Terms of Payment

11. RECONVENE/REPORT ON CLOSED SESSION

General Manager's and Directors' Comments

Future Agenda Items

Late Business

No action shall be taken on any items not appearing on the posted agenda, except upon a determination by a majority of the Board that an emergency situation exists, or that the need to take action arose after the posting of the agenda.

ADJOURNMENT

President Szu Pei Lu-Yang, Presiding



Minutes of the Regular Meeting
of the Board of Directors of the Rowland Water District
December 12, 2023 – 6:00 p.m.
3021 Fullerton Road
Rowland Heights, CA 91748

PLEDGE OF ALLEGIANCE

ROLL CALL OF DIRECTORS

President Szu Pei Lu-Yang
Vice President John Bellah
Director Robert W. Lewis

ABSENT:

Director Vanessa Hsu
Director Anthony J. Lima

OTHERS PRESENT:

Ryan Guiboa, Legal Counsel, Best, Best & Krieger
Jody Roberto, TVMWD
Mike Ti, TVMWD
Matt Litchfield, TVMWD
Erin LaCombe, CV Strategies
Tara Bravo-Mullaly, CV Strategies
Victoria Hahn, Member of the Public

ROWLAND WATER DISTRICT STAFF

Tom Coleman, General Manager
Dusty Moisio, Assistant General Manager
Allen Davidson, Director of Operations
Myra Malner, Director of Finance
Gabby Palomares, Executive Services Manager
Elisabeth Mendez, Compliance & Safety Manager

ADDITION(S) TO THE AGENDA – None

PUBLIC COMMENT ON NON-AGENDA ITEMS - None.

1. CONSENT CALENDAR

Upon motion by Director Lewis, seconded by Director Bellah, the Consent Calendar was unanimously approved as follows:

- 1.1 Approval of Minutes of Special Board Meeting Held on November 7, 2023
- 1.2 Approval of Minutes of Regular Board Meeting held on November 14, 2023
- 1.3 Demands on General Fund Account for October 2023
- 1.4 Investment Report for October 2023
- 1.5 Water Purchases for October 2023
- 1.6 California Reservoir Conditions
(Motion pass 3-0)

Upcoming Board Meetings:

Special Board Meeting, December 19, 2023, 6:00 p.m.

Regular Board Meeting, January 9, 2023, 6:00 p.m.

Special Board Meeting, January 23, 2023, 6:00 p.m.

2. ACTION ITEMS

2.1 Review and Approve Directors' Meeting Reimbursements for November 2023

Upon motion by Director Lewis, seconded by Director Bellah, the Board unanimously approved the Directors' Meeting Reimbursement Report as presented. (Motion pass 3-0)

2.2 Consider 4th Amendment to the Agreement for Employment of General Manager

Following discussion regarding possible adjustment for the General Manager, upon motion by Director Lewis, seconded by Director Bellah, the Board unanimously approved the Fourth Amendment to the Agreement for Employment of General Manager comprising of a \$6,000 total merit increase to the General Manager's salary effective January 1, 2024. (Motion pass 3-0)

3. PUBLIC RELATIONS

3.1 Communications Outreach (CV Strategies)

Erin LaCombe, CV Strategies, showcased a combination of informative media produced on behalf of the District on the Colorado River water supply. She shared details of the expected timeline for sharing this media with our customers. Tara Bravo then took a moment to touch on the details of the interview conducted by Spectrum News of General Manager Tom Coleman on the District's poster contest. She advised that Spectrum News will schedule an interview with the student artist whose artwork was selected for the 2024 'Water is Life' calendar.

3.2 Education Update

Board members took a moment to acknowledge the artwork of a student artist from Blandford Elementary School whose creation was selected to appear in MWD's 'Water is Life' 2024 calendar.

4. DISCUSSION OF UPCOMING CONFERENCES, WORKSHOPS, OR EVENTS (INCLUDING ITEMS THAT MAY HAVE ARISEN AFTER THE POSTING OF THE AGENDA) – None.

5. LEGISLATIVE INFORMATION – General Manager Tom Coleman advised that District staff, in conjunction with Walnut Valley Water District staff, held meetings with Senator Bob Archuleta, Thirty-Second District, and Assemblywoman Blanca Rubio, District 48, to share details of SB 366, CA Water for All. Staff will continue reaching out to local policymakers to educate them on the importance of this water legislation that will prioritize actions to address long-term goals to guide and implement water policy.

6. REVIEW OF CORRESPONDENCE – None.

7. COMMITTEE REPORTS

7.1 Joint Powers Insurance Authority – Board President Lu-Yung spoke on the ACWA/JPIA Fall Conference and her participation in the JPIA’s Executive Committee.

7.2 Three Valleys Municipal Water District – Director Bellah reported on TVMWD business meeting matters.

7.3 Association of California Water Agencies – None.

7.4 Puente Basin Water Agency (PBWA) – Director Lewis reported on business matters from the December 7, 2023, Puente Basin Water Agency meeting.

7.5 Project Ad-Hoc Committee – None.

7.6 Regional Chamber of Commerce – None.

7.7 P-W-R Joint Waterline Commission – Director Bellah reported on business matters from the December 7, 2023, P-W-R Joint Water Line Commission meeting.

7.8 Sheriff’s Community Advisory Council – None.

7.9 Rowland Heights Community Coordinating Council (RHCCC) – None.

7.10 Local Agency Formation Commission – None.

8. OTHER REPORTS, INFORMATION ITEMS AND COMMENTS

8.1 Finance Report

Director of Finance, Myra Malner, presented a year-to-date Financial Dashboard containing comparative graphs of Revenue and Expense by Category and Consumption by Class through October 2023. Following her report, she answered questions posed by Board members.

8.2 Operations Report

Director of Operations Allen Davidson presented the field operations tasks completed during the month of November 2023 (as listed below):

- Water Samples - 216
- Site Inspections - 68
- Service Orders Completed - 300
- Meters Replaced - 13
- Modules Replaced - 10
- Dig Alerts - 306
- Service Lines Replaced - 14
- System Valves Replaced - 3
- Air Releases Inspections - 14
- Recycled Water Inspections - 13

8.3 Projects Update – None.

8.4 Personnel Report – General Manager Tom Coleman reported on the District’s current recruitment of a Customer Service Representative and discussed the upcoming reclassification of the Accounting/Customer Service/Human Resources Manager to Accounting/Human Resources Manager effective January 1, 2024. With this change, the managing component of Customer Service staff will fall under the responsibility of the Customer Service Supervisor and Director of Finance.

9. ATTORNEY’S REPORT – Legal Counsel Ryan Guiboa advised that his firm submitted a request for exclusion on behalf of the District as a class member from the Class Action Settlement Agreement between Chemours Company, the Chemours Company FC, LLC, Dupont de Nemours, Inc., Corteva, Inc., and E.I. DuPont de Nemours and Company n/k/a EIDP, Inc, and Class Representatives.

10. ADJOURN TO CLOSED SESSION

A Closed Session was not held in connection with the items listed below:

a. Conference with Real Property Negotiator – [§54956.8]

Property: Portion of Property Located at
839 S. Azusa Ave., City of Industry, CA
District Negotiator: Tom Coleman, General Manager
Negotiating Parties: City of Industry
Under Negotiation: Price and Terms

b. Conference with Real Property Negotiator - [§54956.8]

Property: Portion of Property Located at
Anaheim & Puente Road
City of Industry
District Negotiator: Tom Coleman, General Manager
Negotiating Parties: City of Industry
Under Negotiation: Price and Terms

c. Conference with Real Property Negotiator – [§54956.8]

Property: Assessor Parcel Numbers 8266-002-900, 8266-002-901 and
8269-003-903
District Negotiator: Tom Coleman, General Manager
Negotiating Parties: Puente Hills Habitat Authority
Under Negotiation: Price and Terms of Payment

Closed Session Announcements – It was reported that no reportable action was taken as closed session was not held.

Future Agenda Item(s) – None.

Late Business – None.

A motion was made by Director Lewis, to adjourn the meeting. The meeting was adjourned at 7:23 p.m.

SZU PEI LU-YANG
Board President

Attest: _____
TOM COLEMAN
Board Secretary



Minutes of the Regular Meeting
of the Board of Directors of the Rowland Water District
December 19, 2023 – 6:00 p.m.
3021 Fullerton Road
Rowland Heights, CA 91748

PLEDGE OF ALLEGIANCE

ROLL CALL OF DIRECTORS

President Szu Pei Lu-Yang
Vice President John Bellah
Director Anthony J. Lima
Director Robert W. Lewis

ABSENT:

Director Vanessa Hsu

OTHERS PRESENT:

Joseph Byrne, Legal Counsel, Best, Best & Krieger
Mike Ti, TVMWD
Erin LaCombe, CV Strategies
Tara Bravo-Mullaly, CV Strategies

ROWLAND WATER DISTRICT STAFF

Tom Coleman, General Manager
Dusty Moisio, Assistant General Manager
Allen Davidson, Director of Operations
Myra Malner, Director of Finance
Gabby Palomares, Executive Services Manager
Elisabeth Mendez, Compliance & Safety Manager

ADDITION(S) TO THE AGENDA – None

PUBLIC COMMENT ON NON-AGENDA ITEMS - None.

1. ACTION ITEMS

1.1 Consider Approval of the Groundwater Pumping and Supply Agreement for the Fullerton Road Grade Separation Project

General Manager Tom Coleman presented details of the Groundwater Pumping and Supply Agreement included in the Board packet. Following discussion, upon motion by Director Lewis, seconded by Director Bellah, the Board unanimously approved the Groundwater Pumping and

Supply Agreement for the Fullerton Road Grade Separation Project, an agreement between the City of Industry, Rowland Water District, and Walnut Valley Water District. (Motion pass 4-0)

1.2 Approve Accident Protocol Policy

Elisabeth Mendez, Compliance and Safety Manager, presented the proposed Accident Protocol Policy included in the Board packet. Staff and Legal Counsel then took a moment to entertain questions posed by Board members. Following discussion, upon motion by Director Lima, seconded by Director Lewis, the Board unanimously approved the Accident Protocol Policy. (Motion pass 4-0)

1.3 Approve 4% Cost of Living Increase for all Employees Based on Merit

A motion was made by Director Lima, and seconded by Director Lewis, to approve the 4% Cost of Living Increase for all employees based on merit effective January 1, 2024. (Motion pass 4-0)

1.4 Review and Approve Schedule of Monthly Salary Ranges Effective January 1, 2024

Director of Finance Myra Malner presented the salary schedule for the calendar year 2024. Upon motion by Director Bellah, seconded by Director Lima, the Board unanimously approved the schedule of monthly salary ranges as included in the Board packet. (Motion pass 4-0)

1.5 Consider Adoption of RWD Resolution No. 12-2023, Re-Appointing the District Treasurer and Delegating Authority of the Investment of Surplus Funds of the District to the General Manager/Treasurer

Upon motion by Director Lewis, seconded by Director Bellah, the Board unanimously adopted RWD Resolution No. 12-2023, Re-Appointing the District Treasurer and Delegating Authority for the Investment of Surplus Funds of the District to the General Manager/Treasurer by the following roll call vote:

AYES: Directors Bellah, Lewis, Lima, Lu-Yang

NOES: None

ABSENT: Director Hsu

ABSTAIN: None

(Motion pass 4-0)

1.6 Executive Officer Positions of the Board of Directors for 2024

The Board of Directors organizational chart was presented for information only. No Board action was taken.

1.7 Consider Adoption of RWD Resolution No. 12.1-2023, Appointing Representatives to the Puente Basin Water Agency

Upon motion by Director Bellah, seconded by Director Lu-Yang, the Board unanimously adopted RWD Resolution No. 12.1-2023, Appointing Anthony J. Lima and Robert W. Lewis as representatives and Tom Coleman as alternate representative of the RWD to serve on the Commission of the Puente Basin Water Agency by the following roll call vote:

AYES: Directors Bellah, Lewis, Lima, Lu-Yang

NOES: None

ABSENT: Director Hsu

ABSTAIN: None

(Motion pass 4-0)

1.8 Confirm Appointment of Representatives to the Pomona-Walnut-Rowland Joint Water Line Commission

Upon motion by Director Lewis, seconded by Director Bellah, the Board unanimously appointed Anthony J. Lima as Commissioner and John Bellah as alternate, to serve on the Pomona-Walnut-Rowland Line Commission. (Motion pass 4-0)

1.9 Review and Approve Board of Directors Committee Assignments for 2024

Upon motion by Director Lima, seconded by Director Lewis, the Board unanimously approved to remove the Los Angeles County Sheriff's Department Advisory Council Committee from the listing of meetings compensable of per diem and expenses for Board members and approved committee assignments for CY 2024 follows:

Association of California Water Agencies	Director Lewis Director Bellah (Alternate)
ACWA/Joint Powers Insurance Authority	Director Lu-Yang Director Hsu (Alternate)
ACWA Region 8	Director Lewis
Local Agency Formation Commission (LAFCO)	Director Lewis
P-W-R Joint Water Line Commission	Director Lima Director Bellah (Alternate)
Puente Basin Water Agency	Director Lima Director Lewis Tom Coleman (Alternate)
Rowland Heights Community Coordinating Council	Director Bellah Director Lu-Yang
RWD Project Ad-Hoc Committee	Director Lima Director Lu-Yang
San Gabriel Valley Regional Chamber of Commerce-Government Affairs Committee	Director Bellah Director Lewis (Alternate)
Three Valleys Municipal Water District	Director Lima Director Bellah (Alternate)

1.10 District 2024 Calendar

Board members received the District's 2024 Calendar of Events as a matter of information only.

1.11 Local Agency Formation Commission (LAFCO) Independent Special District Appointment Schedule 2024

General Manager Tom Coleman referred to LAFCO's Independent Special District appointment scheduled for 2024 included in the Board packet as he detailed the nomination and voting process/requirements for the appointment of an Independent Special District Representative for the four-year term beginning May 6, 2024 – May 1, 2028. No Board action was taken on this matter.

2. **ATTORNEY'S REPORT** – Legal Counsel advised that the Department of Water Resources (DWR) released the Final Environmental Impact Report (EIR) for the proposed Delta Conveyance Project. He will continue to keep Board members apprised of the Project.

3. **ADJOURN TO CLOSED SESSION**

A Closed Session was not held in connection with the items listed below:

a. **Conference with Real Property Negotiator – [§54956.8]**

Property: Portion of Property Located at
839 S. Azusa Ave., City of Industry, CA
District Negotiator: Tom Coleman, General Manager
Negotiating Parties: City of Industry
Under Negotiation: Price and Terms

b. **Conference with Real Property Negotiator - [§54956.8]**

Property: Portion of Property Located at
Anaheim & Puente Road
City of Industry
District Negotiator: Tom Coleman, General Manager
Negotiating Parties: City of Industry
Under Negotiation: Price and Terms

c. **Conference with Real Property Negotiator – [§54956.8]**

Property: Assessor Parcel Numbers 8266-002-900, 8266-002-901 and
8269-003-903
District Negotiator: Tom Coleman, General Manager
Negotiating Parties: Puente Hills Habitat Authority
Under Negotiation: Price and Terms of Payment

d. **Conference with Legal Counsel – Anticipated Litigation**

Claim of Cari McCormick dated June 28, 2023, filed against CalPERS as a class action and submitted as a claim to the District as a potential Defendant.

Closed Session Announcements – It was reported that no reportable action was taken as closed session was not held.

General Manager's and Director's Comments – Director Lewis noted that the San Gabriel Valley California Special District Association (CSDA) Chapter will hold an exploratory lunch meeting on January 31, 2024, at Three Valleys Municipal Water District. He requested that this meeting be added to the next Regular Board meeting agenda for Board consideration in authorizing payment of per diem for attendance.

Mr. Coleman spoke on the success rate of the District's internship program, highlighting that the District's two (2) remaining interns have accepted full-time employment with governmental agencies.

Future Agenda Item(s) – Workplace charity campaigns.

Late Business – None.

A motion was made by Director Lewis, to adjourn the meeting. The meeting was adjourned at 7:27 p.m.

SZU PEI LU-YANG
Board President

Attest: _____
TOM COLEMAN
Board Secretary

UNAPPROVED MINUTES

Report Criteria:

Report type: GL detail

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
32648						
11/23	11/01/2023	32648	1050	ACWA JOINT POWERS INSURANCE A	LIABILITY INSURANCE TO 10-01-24	106,620.00
Total 32648:						106,620.00
32649						
11/23	11/01/2023	32649	62827	BIG SKY ELECTRIC INC	RETENTION-RES 4 & 9 FENCING	1,504.00
Total 32649:						1,504.00
32650						
11/23	11/01/2023	32650	62790	C & K TIRE SERVICE	FLAT REPAIR TRUCK 39	201.03
Total 32650:						201.03
32651						
11/23	11/01/2023	32651	62700	CITIZENS TRUST C/O CITIZEN BUSIN	TRUSTEES FEES	1,698.69
Total 32651:						1,698.69
32652						
11/23	11/01/2023	32652	62705	COMP	DOT PHYSICAL	115.00
Total 32652:						115.00
32653						
11/23	11/01/2023	32653	62439	CVSTRATEGIES	COMMUNICATION SERVICES-BOARD SUPPORT	1,168.75
11/23	11/01/2023	32653	62439	CVSTRATEGIES	COMMUNICATION SERVICES-PRESS RELEASES	3,128.75
11/23	11/01/2023	32653	62439	CVSTRATEGIES	COMMUNICATION SERVICES-LOBBY ARTWORK	603.75
11/23	11/01/2023	32653	62439	CVSTRATEGIES	COMMUNICATION SERVICES-PWAG	1,551.25
Total 32653:						6,452.50
32654						
11/23	11/01/2023	32654	62792	ESMERALDA MALNER	MILEAGE REIMBURSEMENT	124.45
Total 32654:						124.45
32655						
11/23	11/01/2023	32655	62736	GE DIGITAL LLC	GE QUOTE # BMIQ-10102023-497683 & ITS ASSOCI	11,146.18
Total 32655:						11,146.18
32656						
11/23	11/01/2023	32656	62624	HASA INC	CHEMICALS FOR RCS	433.07
11/23	11/01/2023	32656	62624	HASA INC	CHEMICALS FOR RCS	410.86
11/23	11/01/2023	32656	62624	HASA INC	CHEMICALS FOR RCS	310.92
11/23	11/01/2023	32656	62624	HASA INC	CHEMICALS FOR RCS	319.25
Total 32656:						1,474.10
32657						
11/23	11/01/2023	32657	27211	HILL BROS CHEMICAL CO	CHEMICAL FOR WBS	1,709.05

Report Criteria:
Detail Report

Check Number	Check Issue Date	Payee				
32669	11/01/2023	A&M PROPERTIES				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	90398-26	DEPOSIT REFUND	22810-0	381.02	381.02	
32670	11/01/2023	RAMON GOMEZ ROMERO				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	642773-47	DEPOSIT REFUND	22810-0	68.51	68.51	
32671	11/01/2023	KRISTIANO ANDRESEN				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	844819-71	CREDIT REFUND	15210-0	285.91	285.91	
32672	11/01/2023	WEN JIN CHEN				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	166043-75	CREDIT REFUND	15210-0	51.37	51.37	
32673	11/01/2023	CHRISTOPHER HELMICH				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	310406-98	CREDIT REFUND	15210-0	184.84	184.84	
32674	11/01/2023	ADAMS XUAN HO				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	747442-22	CREDIT REFUND	15210-0	88.05	88.05	
32675	11/01/2023	MICHAEL RAYMUND JAURIGUE				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	969416-92	CREDIT REFUND	15210-0	43.95	43.95	
32676	11/01/2023	RODOLFO MODINA				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	504406-10	CREDIT REFUND	15210-0	65.00	65.00	

Check Number	Check Issue Date	Payee				
32677	11/01/2023	QUN XIE				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	502527-62	CREDIT REFUND	15210-0	32.39	32.39	
32678	11/01/2023	SCOUT COLD STORAGE CITY OF INDUSTRY LLC				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	127988-22	CREDIT REFUND	15210-0	2,542.98	2,542.98	
32761	11/21/2023	YUAN CHEN				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	912570-72	DEPOSIT REFUND-19002 HERB CT	22810-0	193.11	193.11	
32762	11/21/2023	UNITED PAVING INC				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	9600233-01	DEPOSIT REFUND	22810-0	3,046.98		
2	9600233-01	CREDIT REFUND	15210-0	134.00	3,180.98	
32763	11/21/2023	RODOLFO MODINA				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	504406-10	CREDIT REFUND	15210-0	70.00	70.00	
32764	11/21/2023	LI YANG				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	769967-11	CREDIT REFUND-1971 VIA TRAQUILO	15210-0	62.20	62.20	
32765	11/21/2023	YEN-YEN WU				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	376131-76	CREDIT REFUND-2368 DONOSA	15210-0	323.87	323.87	
32766	11/21/2023	GOLDEN FIDELITY MARKETING INC				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	69599-00	CREDIT REFUND	15210-0	207.56		
2	121595-90	CREDIT REFUND	15210-0	348.62		
3	386336-14	CREDIT REFUND	15210-0	121.35	677.53	

Check Number	Check Issue Date	Payee				
32767	11/21/2023	GOLDEN GLOBE INVESTMENTS LLC				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	108429-13	CREDIT REFUND-18438 COLIMA #14	15210-0	45.05	45.05	
32768	11/21/2023	HONG YE				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	228348-01	CREDIT REFUND-1529 GOLDEN ROSE	15210-0	46.95	46.95	
32769	11/21/2023	KENT HSU				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	405395-48	CREDIT REFUND-1877 CALLE BELLEZA	15210-0	121.83	121.83	
32770	11/21/2023	SHENG TSAI LEE LIU				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	447698-32	CREDIT REFUND-1984 CAMBERLEY LN	15210-0	82.80	82.80	
32771	11/21/2023	WILSON JOHN REED LLC				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	527571-13	CREDIT REFUND-1300 JOHN REED	15210-0	1,042.44		
2	264608-21	CREDIT REFUND-1216 JOHN REED	15210-0	964.69		
3	975362-93	CREDIT REFUND-1211 JOHN REED	15210-0	570.03		
4	263618-23	CREDIT REFUND-1201 JOHN REED	15210-0	91.02		
5	288750-85	CREDIT REFUND-1218 JOHN REED	15210-0	1,488.83		
6	324228-33	CREDIT REFUND-1305 JOHN REED	15210-0	456.41		
7	571770-95	CREDIT REFUND-1201 JOHN REED	15210-0	38.75		
8	942508-93	CREDIT REFUND-1316 JOHN REED	15210-0	89.28		
9	637233-25	CREDIT REFUND-1303 JOHN REED	15210-0	2,008.95		
10	932515-33	CREDIT REFUND-1308 JOHN REED	15210-0	350.19	7,100.59	
Grand Totals:					15,648.93	

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 32657:						1,709.05
32658						
11/23	11/01/2023	32658	244	INFOSEND INC	BILLING SERVICE	3,498.23
11/23	11/01/2023	32658	244	INFOSEND INC	BILLING SERVICE	3,388.66
11/23	11/01/2023	32658	244	INFOSEND INC	BILLING SERVICE	32.64
11/23	11/01/2023	32658	244	INFOSEND INC	BILLING SERVICE	2,354.98
Total 32658:						9,274.51
32659						
11/23	11/01/2023	32659	62448	PARS	GASBY 45 MANAGEMENT FEE	1,457.34
Total 32659:						1,457.34
32660						
11/23	11/01/2023	32660	62660	PUENTE HILLS FORD	MAINTENANCE TRUCKS 2,33,36,39,44	4,006.18
Total 32660:						4,006.18
32661						
11/23	11/01/2023	32661	5100	PUENTE READY MIX INC	READY MIX	1,217.51
11/23	11/01/2023	32661	5100	PUENTE READY MIX INC	CRUSHER BASE	1,228.59
Total 32661:						2,446.10
32662						
11/23	11/01/2023	32662	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR FULLERTON RD GRADE SEP	186.16
11/23	11/01/2023	32662	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR SERVICES	462.14
11/23	11/01/2023	32662	62502	S & J SUPPLY COMPANY, INC	CREDIT MEMO	91.30-
11/23	11/01/2023	32662	62502	S & J SUPPLY COMPANY, INC	CREDIT MEMO	642.05-
11/23	11/01/2023	32662	62502	S & J SUPPLY COMPANY, INC	CIP VALVE MATERIALS	18,459.64
11/23	11/01/2023	32662	62502	S & J SUPPLY COMPANY, INC	TAX	1,753.66
11/23	11/01/2023	32662	62502	S & J SUPPLY COMPANY, INC	MATERIAL FOR FULLERTON RD GRADE SEP	2,399.04
11/23	11/01/2023	32662	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR MAINS	1,193.00
11/23	11/01/2023	32662	62502	S & J SUPPLY COMPANY, INC	TOOLS & SUPPLIES	688.58
Total 32662:						24,408.87
32663						
11/23	11/01/2023	32663	62691	SJ LYONS CONSTRUCTION INC	YARD LIGHT	8,075.00
11/23	11/01/2023	32663	62691	SJ LYONS CONSTRUCTION INC	RETENTION-YARD LIGHTS	725.00
Total 32663:						8,800.00
32664						
11/23	11/01/2023	32664	5800	SO CALIFORNIA EDISON	OFFICE & PUMPING POWER	34,645.60
11/23	11/01/2023	32664	5800	SO CALIFORNIA EDISON	OFFICE & PUMPING POWER	3,849.51
Total 32664:						38,495.11
32665						
11/23	11/01/2023	32665	5900	SOCALGAS	GAS UTILITY BILL	59.21
Total 32665:						59.21

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
32666						
11/23	11/01/2023	32666	337	STATER BROS. MARKETS	HOLIDAY GIFT CARDS	4,275.00
Total 32666:						4,275.00
32667						
11/23	11/01/2023	32667	62626	TRI COUNTY PUMP COMPANY	TOMICH BOOSTER 1	8,817.83
Total 32667:						8,817.83
32668						
11/23	11/01/2023	32668	62565	UNIVAR USA INC.	SOD HYPO 12.5% LIQUICHLOR-WBS	2,170.75
Total 32668:						2,170.75
32679						
11/23	11/09/2023	32679	910	ACWA	2024 AGENCY DUES	23,845.00
Total 32679:						23,845.00
32680						
11/23	11/09/2023	32680	1000	ACWA JPIA	EMPLOYEE HEALTH BENEFITS	55,052.96
11/23	11/09/2023	32680	1000	ACWA JPIA	EMPLOYEE VISION BENEFITS	698.10
11/23	11/09/2023	32680	1000	ACWA JPIA	EMPLOYEE ASSISTANCE PROGRAM	64.48
11/23	11/09/2023	32680	1000	ACWA JPIA	EMPLOYEE DENTAL BENEFITS	3,844.54
11/23	11/09/2023	32680	1000	ACWA JPIA	RETIREES HEALTH BENEFITS	12,962.39
11/23	11/09/2023	32680	1000	ACWA JPIA	DIRECTORS HEALTH BENEFITS	8,472.80
Total 32680:						81,095.27
32681						
11/23	11/09/2023	32681	322	AMERICAN WATER WORKS ASSN	2024 MEMBERSHIP FEE	4,802.00
Total 32681:						4,802.00
32682						
11/23	11/09/2023	32682	3375	ANTHONY J. LIMA	MILEAGE REIMBURSEMENT	72.71
Total 32682:						72.71
32683						
11/23	11/09/2023	32683	62309	CITY OF INDUSTRY CITY HALL	RECYCLED WATER SYSTEM-RECONCILIATION FO	7,486.40
Total 32683:						7,486.40
32684						
11/23	11/09/2023	32684	285	CSDA	MEMBERSHIP DUES	9,275.00
Total 32684:						9,275.00
32685						
11/23	11/09/2023	32685	62872	DANGELO COMPANY	SUPPLIES FOR MAINS	1,950.64
Total 32685:						1,950.64
32686						
11/23	11/09/2023	32686	5600	G M SAGER CONSTRUCTION	ASPHALT	4,462.84

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
11/23	11/09/2023	32686	5600	G M SAGER CONSTRUCTION	ASPHALT	2,978.20
11/23	11/09/2023	32686	5600	G M SAGER CONSTRUCTION	ASPHALT	7,421.10
Total 32686:						14,862.14
32687						
11/23	11/09/2023	32687	62822	GABRIELA S PALOMARES	MILEAGE REIMBURSEMENT	146.26
Total 32687:						146.26
32688						
11/23	11/09/2023	32688	62828	GABRIELLA LANDEROS	TOTAL EXPENSES-CASELLE CONFERENCE	138.12
Total 32688:						138.12
32689						
11/23	11/09/2023	32689	62807	GAYTON & SONS INC	RES 11 EXTERIOR REHAB	3,800.00
Total 32689:						3,800.00
32690						
11/23	11/09/2023	32690	379	HIGHROAD INFORMATION TECHNOLOGICAL	INTEL NUC PC DESKTOP NUC I7 (MONICA & RYAN)	3,543.90
11/23	11/09/2023	32690	379	HIGHROAD INFORMATION TECHNOLOGICAL	MONITOR CABLES FOR NEW MS SURFACE LAPTOP	1,535.28
Total 32690:						5,079.18
32691						
11/23	11/09/2023	32691	62863	HIGH-TECH SYSTEMS	SECURITY FOR BACK OF WAREHOUSE	10,494.40
Total 32691:						10,494.40
32692						
11/23	11/09/2023	32692	62834	HPS WEST, INC.	5/8 X 3/4" BLMJ-LESS REGISTER	3,470.70
Total 32692:						3,470.70
32693						
11/23	11/09/2023	32693	62811	IMS REFRIGERATION INC.	ICE MACHINE CLEANER	307.78
Total 32693:						307.78
32694						
11/23	11/09/2023	32694	62777	J DE SIGIO CONSTRUCTION INC	INSTALL SERVICE-18233 SENTENO	19,281.00
11/23	11/09/2023	32694	62777	J DE SIGIO CONSTRUCTION INC	1" SERVICE-18329 SENTENO	9,300.00
Total 32694:						28,581.00
32695						
11/23	11/09/2023	32695	62066	JANITORIAL SYSTEMS	MONTHLY JANITORIAL SERVICES	660.00
Total 32695:						660.00
32696						
11/23	11/09/2023	32696	62233	JOHN BELLAH	MILEAGE REIMBURSEMENT	62.88
Total 32696:						62.88

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
32697						
11/23	11/09/2023	32697	2056	LOS ANGELES COUNTY FIRE DEPART	HAZARDOUS MATERIALS DISCLOSURE PROGRAM	620.00
11/23	11/09/2023	32697	2056	LOS ANGELES COUNTY FIRE DEPART	HAZARDOUS MATERIALS DISCLOSURE PROGRAM	620.00
11/23	11/09/2023	32697	2056	LOS ANGELES COUNTY FIRE DEPART	HAZARDOUS MATERIALS DISCLOSURE PROGRAM	770.00
11/23	11/09/2023	32697	2056	LOS ANGELES COUNTY FIRE DEPART	HAZARDOUS MATERIALS DISCLOSURE PROGRAM	770.00
11/23	11/09/2023	32697	2056	LOS ANGELES COUNTY FIRE DEPART	HAZARDOUS MATERIALS DISCLOSURE PROGRAM	770.00
Total 32697:						3,550.00
32698						
11/23	11/09/2023	32698	62884	MCKINLEY & ASSOCIATES	SERVICES FOR SITE INSPECTION	1,500.00
Total 32698:						1,500.00
32699						
11/23	11/09/2023	32699	257	MCMaster-CARR SUPPLY CO	TOOLS & SUPPLIES	336.30
Total 32699:						336.30
32700						
11/23	11/09/2023	32700	62880	RYAN BERNAL	TOTAL EXPENSES-COMMERICAL LICENSE PERMIT	90.87
Total 32700:						90.87
32701						
11/23	11/09/2023	32701	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR SERVICES	102.99
11/23	11/09/2023	32701	62502	S & J SUPPLY COMPANY, INC	PHASE 5 VALVE REPLACEMENT	1,152.73
11/23	11/09/2023	32701	62502	S & J SUPPLY COMPANY, INC	MATERIAL FOR COI BACKBONE	1,311.26
11/23	11/09/2023	32701	62502	S & J SUPPLY COMPANY, INC	PHASE 5 VALVE REPLACEMENT	545.38
Total 32701:						3,112.36
32702						
11/23	11/09/2023	32702	62883	SALINAS TIRES & WHEELS	TIRES TRUCK 45	1,149.95
Total 32702:						1,149.95
32703						
11/23	11/09/2023	32703	62534	SHRED IT C/O STERICYCLE INC	SHREDDING SERVICE	138.50
Total 32703:						138.50
32704						
11/23	11/09/2023	32704	62521	TRIPEPI SMITH & ASSOCIATES	MONTHLY WEBSITE MAINTENANCE	375.00
Total 32704:						375.00
32705						
11/23	11/09/2023	32705	62355	USA BLUE BOOK	LEVELRAT SUBMERS TRANSMITTER-COI	1,508.28
Total 32705:						1,508.28
32706						
11/23	11/09/2023	32706	382	W A RASIC CONSTRUCTION CO INC	AZUSA VALVE REPLACEMENT	136,253.00
Total 32706:						136,253.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
32707						
11/23	11/09/2023	32707	62562	WOODARD & CURRAN	AS NEEDED RECYCLED WATER SUPPORT SERVIC	2,275.00
11/23	11/09/2023	32707	62562	WOODARD & CURRAN	AS NEEDED POTABLE WATER SUPPORT SERVICE	2,020.00
Total 32707:						4,295.00
32708						
11/23	11/09/2023	32708	334	YO FIRE SUPPLY	SUPPLIES FOR MAINS	843.15
Total 32708:						843.15
32709						
11/23	11/15/2023	32709	4600	AIRGAS USA LLC	TANK RENTAL	130.08
Total 32709:						130.08
32710						
11/23	11/15/2023	32710	62622	AKM CONSULTING ENGINEERS	RES 2 AND 16 INLET MODIFICATIONS	418.00
Total 32710:						418.00
32711						
11/23	11/15/2023	32711	62840	AM-TEC TOTAL SECURITY INC	3 MONTHS FIRE MONITORING SERVICE	162.00
Total 32711:						162.00
32712						
11/23	11/15/2023	32712	400	AT&T MOBILITY	MOBILE PHONES, IPADS & NEW DEVICES	9,080.86
Total 32712:						9,080.86
32713						
11/23	11/15/2023	32713	62741	BEE REMOVERS	BEE REMOVAL	125.00
11/23	11/15/2023	32713	62741	BEE REMOVERS	BEE REMOVAL	130.00
11/23	11/15/2023	32713	62741	BEE REMOVERS	BEE REMOVAL	130.00
Total 32713:						385.00
32714						
11/23	11/15/2023	32714	62597	BEST BEST & KRIEGER LLP	LEGAL FEES-GENERAL COUNSEL	6,307.30
11/23	11/15/2023	32714	62597	BEST BEST & KRIEGER LLP	LEGAL FEES-LABOR AND EMPLOYMENT	4,412.00
11/23	11/15/2023	32714	62597	BEST BEST & KRIEGER LLP	LEGAL FEES-SO CAL GAS CO/WA RASIC	61.50
Total 32714:						10,780.80
32715						
11/23	11/15/2023	32715	62810	BREAKING THE CHAIN CONSULTING	2 DAYS OF COACHING/CONSULTING	6,000.00
Total 32715:						6,000.00
32716						
11/23	11/15/2023	32716	1476	BUSINESS CARD (VISA)	MISC EXPENSES	125.97
Total 32716:						125.97
32717						
11/23	11/15/2023	32717	62790	C & K TIRE SERVICE	SERVICE CALL-416C BACKHOE	979.10

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 32717:						979.10
32718						
11/23	11/15/2023	32718	403	CASELLE INC	CONTRACT SUPPORT CHARGES	1,979.00
Total 32718:						1,979.00
32719						
11/23	11/15/2023	32719	6966	CINTAS	UNIFORM RENTAL	4,916.34
Total 32719:						4,916.34
32720						
11/23	11/15/2023	32720	1900	CLINICAL LAB OF S B	WATER SAMPLES	2,202.00
Total 32720:						2,202.00
32721						
11/23	11/15/2023	32721	1270	CORELOGIC SOLUTIONS LLC	PROPERTY DATA INFO	100.00
Total 32721:						100.00
32722						
11/23	11/15/2023	32722	22541	DOTY BROS CONSTRUCTION CO	REPAIR LEAK ON SLOP-17014 GLENFOLD	60,363.10
Total 32722:						60,363.10
32723						
11/23	11/15/2023	32723	62885	ENVIRONMENTAL DESIGN ASSOCIAT	CONCEPTUAL PLANTING PLAN	3,500.00
Total 32723:						3,500.00
32724						
11/23	11/15/2023	32724	62445	EXCEL DOOR & GATE COMPANY	PERFORM SERVICE AND REPAIRS ON MAIN GATE	400.00
Total 32724:						400.00
32725						
11/23	11/15/2023	32725	62039	FAST EDDIE'S TRUCKING	HAUL DIRT	2,976.00
Total 32725:						2,976.00
32726						
11/23	11/15/2023	32726	2550	FRONTIER	INTERNET ACCESS	904.74
Total 32726:						904.74
32727						
11/23	11/15/2023	32727	5600	G M SAGER CONSTRUCTION	REMOVE AND DISPOSE OF EXISTING RETAINING	172,735.00
Total 32727:						172,735.00
32728						
11/23	11/15/2023	32728	62580	GMC ELECTRICAL, INC	RES 2A: MATERIAL COST FOR CATHODIC INSTALL	11,047.78
11/23	11/15/2023	32728	62580	GMC ELECTRICAL, INC	RES 2A: LABOR COST FOR CATHODIC INSTALLATI	5,328.48
11/23	11/15/2023	32728	62580	GMC ELECTRICAL, INC	RES 2A: PLAN, SPECIFICATION, FINAL REPORT	1,000.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
11/23	11/15/2023	32728	62580	GMC ELECTRICAL, INC	RES 2A: DIVER AND TENDER	2,900.00
Total 32728:						20,276.26
32729						
11/23	11/15/2023	32729	62812	GROWING ROOTS LLC	MONTHLY PLANT CARE	335.00
Total 32729:						335.00
32730						
11/23	11/15/2023	32730	62526	HARRINGTON INDUSTRIAL PLASTICS	SUPPLIES OF RES	1,033.92
Total 32730:						1,033.92
32731						
11/23	11/15/2023	32731	62624	HASA INC	CHEMICALS FOR RCS	305.37
11/23	11/15/2023	32731	62624	HASA INC	CHEMICALS FOR RCS	402.53
11/23	11/15/2023	32731	62624	HASA INC	CHEMICALS FOR RCS	333.13
11/23	11/15/2023	32731	62624	HASA INC	CHEMICALS FOR RCS	360.89
11/23	11/15/2023	32731	62624	HASA INC	CHEMICALS FOR RCS	416.41
11/23	11/15/2023	32731	62624	HASA INC	CHEMICALS FOR RCS	360.89
11/23	11/15/2023	32731	62624	HASA INC	CHEMICALS FOR RCS	416.41
11/23	11/15/2023	32731	62624	HASA INC	CHEMICALS FOR RCS	333.13
11/23	11/15/2023	32731	62624	HASA INC	CHEMICALS FOR RCS	360.89
Total 32731:						3,289.65
32732						
11/23	11/15/2023	32732	379	HIGHROAD INFORMATION TECHNOL	MANAGED IT SERVICES	6,990.00
11/23	11/15/2023	32732	379	HIGHROAD INFORMATION TECHNOL	DATA CENTER	3,002.00
11/23	11/15/2023	32732	379	HIGHROAD INFORMATION TECHNOL	MAINTENANCE, SUPPORT AND SOFTWARE RENE	12,660.00
Total 32732:						22,652.00
32733						
11/23	11/15/2023	32733	62863	HIGH-TECH SYSTEMS	SERVICE CALL-CAMERAS OFFLINE	555.00
Total 32733:						555.00
32734						
11/23	11/15/2023	32734	27211	HILL BROS CHEMICAL CO	CHEMICAL FOR RES	1,245.00
Total 32734:						1,245.00
32735						
11/23	11/15/2023	32735	2724	HOME DEPOT CREDIT SERVICES	TOOLS & SUPPLIES	947.68
11/23	11/15/2023	32735	2724	HOME DEPOT CREDIT SERVICES	SUPPLIES FOR HYDRANTS	414.49
11/23	11/15/2023	32735	2724	HOME DEPOT CREDIT SERVICES	PHASE 5 VALVE REPLACEMENT	58.78
Total 32735:						1,420.95
32736						
11/23	11/15/2023	32736	3299	LA HABRA FENCE COMPANY INC	INSTALL NEW PERMETER FENCE AT 2509 ARTIGA	98,772.00
Total 32736:						98,772.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
32737						
11/23	11/15/2023	32737	62664	M & J TREE SERVICE	MAINTENANCE SERVICE 6 SITES	6,600.00
11/23	11/15/2023	32737	62664	M & J TREE SERVICE	MAINTENANCE SERVICE FOR OCTOBER-WBS	600.00
11/23	11/15/2023	32737	62664	M & J TREE SERVICE	CLEAR APPROX 400 FT X 10 FT FOR NEW FENCIN	15,000.00
Total 32737:						22,200.00
32738						
11/23	11/15/2023	32738	257	MCMaster-CARR SUPPLY CO	EQUIPMENT EXPENSE	13.93
11/23	11/15/2023	32738	257	MCMaster-CARR SUPPLY CO	EQUIPMENT EXPENSE	13.38
11/23	11/15/2023	32738	257	MCMaster-CARR SUPPLY CO	MISC EXPENSE	153.52
Total 32738:						180.83
32739						
11/23	11/15/2023	32739	189	NOBEL SYSTEMS	GIS UPDATES FOR OCTOBER 2023	4,020.00
Total 32739:						4,020.00
32740						
11/23	11/15/2023	32740	62181	ONE TOUCH OFFICE TECHNOLOGY	CONTRACT RICO/MPC6003	1,119.33
11/23	11/15/2023	32740	62181	ONE TOUCH OFFICE TECHNOLOGY	CONTRACT-RICOH/MPC6004EX	1,386.72
Total 32740:						2,506.05
32741						
11/23	11/15/2023	32741	62649	OPARC	PAINTING FIRE HYDRANTS	3,195.93
Total 32741:						3,195.93
32742						
11/23	11/15/2023	32742	62448	PARS	GASBY 45 MANAGEMENT FEE	1,408.84
Total 32742:						1,408.84
32743						
11/23	11/15/2023	32743	62558	PUENTE BASIN WATER AGENCY	PM 22/PM 9 CONNECTION	409,971.90
11/23	11/15/2023	32743	62558	PUENTE BASIN WATER AGENCY	TVMWD CONNECTION CAPACITY	1,783.14
11/23	11/15/2023	32743	62558	PUENTE BASIN WATER AGENCY	TVMWD EQUIVALENT SMALL METER	2,283.83
11/23	11/15/2023	32743	62558	PUENTE BASIN WATER AGENCY	TVMWD WATER USE CHARGE	1,451.16
11/23	11/15/2023	32743	62558	PUENTE BASIN WATER AGENCY	MWD CAPACITY CHARGE	5,470.07
Total 32743:						420,960.10
32744						
11/23	11/15/2023	32744	4750	PWR JT WATER LINE COMMISSION	PM 15 Water Use	310,592.37
11/23	11/15/2023	32744	4750	PWR JT WATER LINE COMMISSION	PM 21 Water Use	228,716.01
11/23	11/15/2023	32744	4750	PWR JT WATER LINE COMMISSION	MWD CAPACITY RESERVATION CHARGE	6,660.00
11/23	11/15/2023	32744	4750	PWR JT WATER LINE COMMISSION	TVMWD CONNECTED CAPACITY CHARGE	1,438.40
11/23	11/15/2023	32744	4750	PWR JT WATER LINE COMMISSION	TVMWD WATER USE CHARGE	1,977.36
11/23	11/15/2023	32744	4750	PWR JT WATER LINE COMMISSION	PWR Depreciation Charge	1,389.00
11/23	11/15/2023	32744	4750	PWR JT WATER LINE COMMISSION	PWR Replacement Charge	1,910.00
11/23	11/15/2023	32744	4750	PWR JT WATER LINE COMMISSION	BUDGET ASSESSMENT	8,400.00
Total 32744:						561,083.14

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
32745						
11/23	11/15/2023	32745	5740	QUINN COMPANY	SERVICE 416C-BACKHOE	3,543.98
11/23	11/15/2023	32745	5740	QUINN COMPANY	SERVICE-420 BACKHOE	2,747.98
Total 32745:						6,291.96
32746						
11/23	11/15/2023	32746	385	R AND I HOLDINGS INC	CLEAN OUT FUEL TANK	277.52
11/23	11/15/2023	32746	385	R AND I HOLDINGS INC	EQUIPMENT REPAIR-BREAKER	324.03
Total 32746:						601.55
32747						
11/23	11/15/2023	32747	62719	ROWLAND COMMUNITY CLOSET FOR	ADOPT N SHOP DONATION	1,000.00
Total 32747:						1,000.00
32748						
11/23	11/15/2023	32748	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR PHASE 5 VALVE REPLACEMENTS	1,193.01
11/23	11/15/2023	32748	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR VALVES	2,386.00
11/23	11/15/2023	32748	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR HYDRANTS	512.46
11/23	11/15/2023	32748	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR MAINS	1,559.28
11/23	11/15/2023	32748	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR SERVICES	399.67
11/23	11/15/2023	32748	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR FULLERTON RD GRADE SEP	2,990.82
11/23	11/15/2023	32748	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR METERS	205.02
11/23	11/15/2023	32748	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR METERS	528.75
Total 32748:						9,775.01
32749						
11/23	11/15/2023	32749	62691	SJ LYONS CONSTRUCTION INC	INSTALL TRANSFER BOX	2,100.00
11/23	11/15/2023	32749	62691	SJ LYONS CONSTRUCTION INC	TRANSFER SWITCH/ELECTRICAL DRYWALL REPAI	2,080.00
11/23	11/15/2023	32749	62691	SJ LYONS CONSTRUCTION INC	ARTIGAS TRENCH AND CANOPY	8,550.00
Total 32749:						12,730.00
32750						
11/23	11/15/2023	32750	62813	SOUTHLAND CIVIL ENGINEERING & S	ESTABLISH PROPERTY BOUNDARY FOR 2505 ART	2,542.94
11/23	11/15/2023	32750	62813	SOUTHLAND CIVIL ENGINEERING & S	ESTABLISH PROPERTY BOUNDARY FOR 2366 CUA	4,888.88
Total 32750:						7,431.82
32751						
11/23	11/15/2023	32751	62481	STAPLES BUSINESS CREDIT	OFFICE SUPPLIES	630.46
Total 32751:						630.46
32752						
11/23	11/15/2023	32752	62851	SYTECH INC	MAINTENANCE RENEWAL	350.00
Total 32752:						350.00
32753						
11/23	11/15/2023	32753	6500	THERMALAIR INC	QUARTERLY PREVENTATIVE MAINTENANCE	475.00
11/23	11/30/2023	32753	6500	THERMALAIR INC	QUARTERLY PREVENTATIVE MAINTENANCE	475.00-
11/23	11/15/2023	32753	6500	THERMALAIR INC	REPLACE EXHAUST FAN	1,280.72
11/23	11/30/2023	32753	6500	THERMALAIR INC	REPLACE EXHAUST FAN	1,280.72-

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 32753:						.00
32754						
11/23	11/15/2023	32754	62626	TRI COUNTY PUMP COMPANY	COI PS1: 316 SS BOWL SHAFTS, MISC SHOP SUPP	17,121.43
11/23	11/15/2023	32754	62626	TRI COUNTY PUMP COMPANY	TAX	732.45
11/23	11/15/2023	32754	62626	TRI COUNTY PUMP COMPANY	LABOR	16,540.00
Total 32754:						34,393.88
32755						
11/23	11/15/2023	32755	6950	UNDERGROUND SERVICE ALERT	SERVICE ALERT	396.75
Total 32755:						396.75
32756						
11/23	11/15/2023	32756	62819	US BANK	BANK FEES	2,179.00
Total 32756:						2,179.00
32757						
11/23	11/15/2023	32757	2900	VULCAN MATERIAL COMPANY	COLD MIX	2,802.28
Total 32757:						2,802.28
32758						
11/23	11/15/2023	32758	382	W A RASIC CONSTRUCTION CO INC	JOB 21TX88-FULLERTON RD GRADE SEP	44,512.36
Total 32758:						44,512.36
32759						
11/23	11/15/2023	32759	7700	WALNUT VALLEY WATER DISTRICT	RECYCLED WATER	765.72
Total 32759:						765.72
32760						
11/23	11/15/2023	32760	62432	WASTE MANAGEMENT COMPANY	HAUL DIRT	1,673.14
Total 32760:						1,673.14
32772						
11/23	11/21/2023	32772	62622	AKM CONSULTING ENGINEERS	CUATRO BOOSTER STATION DESIGN	1,784.00
Total 32772:						1,784.00
32773						
11/23	11/21/2023	32773	383	CLA-VAL- GRISWOLD INDUSTRIES	MATERIAL FOR COI	1,690.96
Total 32773:						1,690.96
32774						
11/23	11/21/2023	32774	62505	D & H WATER SYSTEMS	JL RES 2: TWM 15 TIDAL WAVE WATER MIXER WIT	19,162.50
11/23	11/21/2023	32774	62505	D & H WATER SYSTEMS	SHIPPING	200.00
Total 32774:						19,362.50

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
32775						
11/23	11/21/2023	32775	2550	FRONTIER	PHONE SERVICE	382.59
Total 32775:						382.59
32776						
11/23	11/21/2023	32776	5600	G M SAGER CONSTRUCTION	ASPHALT	9,507.34
11/23	11/21/2023	32776	5600	G M SAGER CONSTRUCTION	ASPHALT	8,919.00
11/23	11/21/2023	32776	5600	G M SAGER CONSTRUCTION	ASPHALT	1,877.40
11/23	11/21/2023	32776	5600	G M SAGER CONSTRUCTION	ASPHALT	5,518.20
11/23	11/21/2023	32776	5600	G M SAGER CONSTRUCTION	ASPHALT	11,567.52
Total 32776:						37,389.46
32777						
11/23	11/21/2023	32777	62435	INDUSTRY PUBLIC UTILITY COMMISSI	PUMPING POWER-PUMPSTATION 2A	2,865.48
Total 32777:						2,865.48
32778						
11/23	11/21/2023	32778	62777	J DE SIGIO CONSTRUCTION INC	1" WATER SERVICE-18283 AGUIRO	9,400.00
Total 32778:						9,400.00
32779						
11/23	11/21/2023	32779	62735	MUTUAL OF OMAHA	LIFE INSURANCE	598.50
11/23	11/21/2023	32779	62735	MUTUAL OF OMAHA	SHORT/LONG TERM DISABILITY	1,572.76
11/23	11/21/2023	32779	62735	MUTUAL OF OMAHA	DIRECTORS LIFE INSURANCE	66.50
Total 32779:						2,237.76
32780						
11/23	11/21/2023	32780	62771	PUBLIC WATER AGENCIES GROUP	ASSESSMENT FOR EMERGENCY PREPAREDNESS	1,541.92
Total 32780:						1,541.92
32781						
11/23	11/21/2023	32781	62660	PUENTE HILLS FORD	MAINTENANCE TRUCK 43	165.16
Total 32781:						165.16
32782						
11/23	11/21/2023	32782	62829	RED WING BUSINESS ADVANTAGE A	BOOT ALLOWANCE-CHRIS REYNOSO	278.88
Total 32782:						278.88
32783						
11/23	11/21/2023	32783	62502	S & J SUPPLY COMPANY, INC	TOOLS & SUPPLIES	560.64
Total 32783:						560.64
32784						
11/23	11/21/2023	32784	62743	SOCAL SCADA SOLUTIONS LLC	SCADA ON CALL SERVICES 4/27/23-10/31/23	3,961.00
Total 32784:						3,961.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Grand Totals:						<u>2,234,964.73</u>

Summary by General Ledger Account Number

GL Account	Debit	Credit	Proof
11505-0	617,796.22	733.35-	617,062.87
222100	2,489.07	2,237,453.80-	2,234,964.73-
51310-0	949,280.28	.00	949,280.28
51410-1	3,428.52	.00	3,428.52
51410-2	3,221.54	.00	3,221.54
51410-3	2,283.83	.00	2,283.83
51410-5	12,130.07	.00	12,130.07
51510-0	8,252.12	.00	8,252.12
51810-0	11,699.00	.00	11,699.00
52210-0	8,817.83	.00	8,817.83
52310-0	37,511.08	.00	37,511.08
54209-0	1,877.40	.00	1,877.40
54210-0	71,427.37	.00	71,427.37
54211-0	30,389.58	.00	30,389.58
54212-0	4,204.47	.00	4,204.47
54213-0	1,033.92	.00	1,033.92
54214-0	2,386.00	.00	2,386.00
54215-0	4,122.88	.00	4,122.88
54216-0	15,457.18	.00	15,457.18
54217-0	6,008.75	.00	6,008.75
54218-0	59,180.64	.00	59,180.64
54219-0	4,479.80	.00	4,479.80
56210-0	5,522.32	.00	5,522.32
56211-0	6,743.87	.00	6,743.87
56214-0	630.46	.00	630.46
56215-0	37,922.00	.00	37,922.00
56217-0	406.30	.00	406.30
56218-0	10,780.80	.00	10,780.80
56218-2	1,541.92	.00	1,541.92
56219-0	13,372.17	.00	13,372.17
56220-0	16,350.92	.00	16,350.92
56221-0	7,452.50	.00	7,452.50
56223-0	138.12	.00	138.12
56226-0	12,660.00	.00	12,660.00
56310-0	106,620.00	.00	106,620.00
56312-0	27,291.15	.00	27,291.15
56320-0	6,000.00	.00	6,000.00
56411-0	55,052.96	.00	55,052.96
56413-0	3,844.54	.00	3,844.54
56415-0	698.10	.00	698.10
56416-0	598.50	.00	598.50
56417-0	12,962.39	.00	12,962.39
56418-0	1,572.76	.00	1,572.76
56419-0	64.48	.00	64.48
56421-0	8,539.30	.00	8,539.30
56710-0	8,030.00	.00	8,030.00
56812-0	4,833.37	.00	4,833.37
57310-0	21,164.82	.00	21,164.82
57312-0	2,533.20	.00	2,533.20

GL Account	Debit	Credit	Proof
57314-0	3,180.50	1,755.72-	1,424.78
57315-0	2,202.00	.00	2,202.00
57321-0	3,755.87	.00	3,755.87
Grand Totals:	2,239,942.87	2,239,942.87-	.00

Report Criteria:
Report type: GL detail



ROWLAND WATER DISTRICT

CASH AND INVESTMENTS

As of November 30, 2023

Description / Type	Term	Shares / Units Held	Purchase Price	Current Price	Maturity Date	Current Yield	Current Value	% of Portfolio
Cash								
Citizens Business Bank							\$ 5,252,579	
Total Cash							\$ 5,252,579	
Local Agency Investment Fund (LAIF)	N/A					3.84%	\$ 8,247,585	40.53%
Citizens Trust Investments (US Bank Custodian)								
Fed'l Home Loan Mtg. Corp. - WVVJ2	4 Year	300,000	100.0000	96.0090	9/30/2024	0.42%	\$ 288,027	1.42%
Fed'l National Mtg. Assn. - XP73	3 Year	300,000	100.0000	98.2580	5/28/2025	4.07%	\$ 294,774	1.45%
Fed'l National Mtg. Assn. - YLS9	4 Year	400,000	100.0000	99.4610	3/15/2027	5.40%	\$ 397,844	1.96%
Fed'l National Mtg. Assn. - 06M0	4 Year	200,000	100.0000	95.1600	12/16/2024	0.52%	\$ 190,320	0.94%
Fed'l Home Loan Mtg. Corp. - 4C27	5 Year	350,000	100.0000	93.2750	7/29/2025	0.75%	\$ 326,463	1.60%
Fed'l National Mtg. Assn. - 4XZ1	5 Year	200,000	100.0000	93.5850	6/30/2025	0.79%	\$ 187,170	0.92%
Fed'l Farm Cr Bks - MLT7	3 Year	200,000	99.9040	99.6230	12/28/2023	0.21%	\$ 199,246	0.98%
Fed'l Farm Cr Bks - MLT7	3 Year	25,000	99.7000	99.6230	12/28/2023	0.21%	\$ 24,906	0.12%
Fed'l Farm Cr Bks - MLV2	3 Year	150,000	99.6670	98.2730	4/5/2024	0.27%	\$ 147,410	0.72%
Fed'l Farm Cr Bks - MFP2	4 Year	500,000	99.9490	95.6800	11/4/2024	0.46%	\$ 478,400	2.35%
Fed'l Farm Cr Bks - L5S9	3 Year	350,000	99.9200	96.4030	9/3/2024	0.50%	\$ 337,411	1.66%
Fed'l Farm Cr Bks - PEY7	3 Year	300,000	100.0000	98.9240	4/10/2026	4.86%	\$ 296,772	1.46%
Fed'l Home Loan Banks - KMF0	4 Year	200,000	99.9540	95.5800	10/28/2024	0.31%	\$ 191,160	0.94%
Fed'l Home Loan Banks - JP45	3 Year	200,000	100.0000	98.6630	3/11/2024	0.51%	\$ 197,326	0.97%
Fed'l Home Loan Banks - L7D0	5 Year	200,000	99.7900	92.6960	8/26/2025	0.54%	\$ 185,392	0.91%
Fed'l Home Loan Banks - N6N5	4 Year	200,000	100.0000	94.0600	4/29/2025	0.74%	\$ 188,120	0.92%
Fed'l Home Loan Banks - LGR9	5 Year	500,000	100.0000	91.8570	2/26/2026	0.92%	\$ 459,285	2.26%
Fed'l Home Loan Banks - LLD4	5 Year	250,000	99.9250	91.7430	3/17/2026	0.95%	\$ 229,358	1.13%
Fed'l Home Loan Banks - MUX8	5 Year	200,000	99.9300	91.6370	3/30/2026	0.95%	\$ 183,274	0.90%
Fed'l Home Loan Banks - PUY9	4 Year	200,000	100.0000	94.9580	2/28/2025	1.05%	\$ 189,916	0.93%
Fed'l Home Loan Banks - P6M2	5 Year	200,000	100.0000	90.5130	9/30/2026	1.13%	\$ 181,026	0.89%
Fed'l Home Loan Banks - PS48	3 Year	165,000	98.8630	96.0040	11/18/2024	1.09%	\$ 158,407	0.78%
Fed'l Home Loan Banks - QP56	3 Year	350,000	100.0000	97.7410	6/21/2024	1.23%	\$ 342,094	1.68%
Fed'l Home Loan Bank - Q7E7	5 Year	200,000	99.9050	92.4410	6/30/2026	1.62%	\$ 184,882	0.91%
Fed'l Home Loan Bank - QJD6	4 Year	200,000	99.7190	91.6900	10/27/2026	1.64%	\$ 183,380	0.90%
Fed'l Home Loan Bank - S3H0	2 Year	300,000	100.0000	99.3460	2/26/2024	2.64%	\$ 298,038	1.46%
Fed'l Home Loan Bank - 0F70	2 Year	125,000	104.3708	99.9540	12/8/2023	3.38%	\$ 124,943	0.61%
Fed'l Home Loan Bank - WS92	2 Year	200,000	99.8530	100.1160	9/12/2025	4.87%	\$ 200,232	0.98%
Fed'l Home Loan Bank - UND2	2 Year	600,000	100.0000	99.6950	8/1/2025	5.17%	\$ 598,170	2.94%
Fed'l Home Loan Bank - XBB3	2 Year	200,000	100.0000	99.7950	9/26/2025	5.43%	\$ 199,590	0.98%
Fed'l Home Loan Bank - XCR7	2 Year	200,000	100.0000	99.8490	9/26/2025	5.51%	\$ 199,698	0.98%
Fed'l Home Loan Bank - WYV6	2 Year	300,000	100.0000	99.7720	2/28/2025	5.64%	\$ 299,316	1.47%
Fed'l Home Loan Bank - XFO6	2 Year	200,000	100.0000	99.9240	4/11/2025	5.70%	\$ 199,848	0.98%
Air Prods & Chems Inc. - 8BB1	5 Year	255,000	104.1940	93.6650	10/15/2025	1.60%	\$ 238,846	1.17%
Apple Inc. - 3DT4	5 Year	200,000	102.4560	94.6820	5/11/2025	1.19%	\$ 189,364	0.93%
Apple Inc. - 3CU2	5 Year	150,000	103.6730	98.9690	5/11/2024	2.88%	\$ 148,454	0.73%
Apple Inc. - 3CG3	5 Year	400,000	104.3970	99.4850	2/9/2024	3.02%	\$ 397,940	1.96%
Blackrock Inc - XAL5	1 Year	200,000	98.4250	99.3080	3/18/2024	3.52%	\$ 198,616	0.98%
Caterpillar Finl Service - Q3B3	2 Year	200,000	96.7600	97.1110	11/8/2024	2.21%	\$ 194,222	0.95%
Florida Pwr & Lt Co - 1FZ5	5 Year	800,000	108.9188	96.9320	4/1/2025	2.94%	\$ 775,456	3.81%
Paccar Financial Corp. - RQ66	5 Year	500,000	104.7908	96.1560	2/6/2025	1.87%	\$ 480,780	2.36%
Schwab Charles Corp - 3BN4	2 Year	200,000	95.7870	98.5130	3/18/2024	0.76%	\$ 197,026	0.97%
US Bancorp Mtns. - HHV5	5 Year	200,000	102.1370	99.5500	2/5/2024	3.39%	\$ 199,100	0.98%
Intl Bank for Recon & Dev - 8JB0	5 Year	400,000	98.7800	94.2160	4/22/2025	0.66%	\$ 376,864	1.85%
Cash Reserve Account						5.25%	\$ 540,393	2.66%
Total Citizens Trust Investments							\$ 12,099,254	59.47%
Total Investments							\$ 20,346,840	100.00%
Total Cash & Investments							\$ 25,599,419	

Market values determined on last business day of the month. All listed investments comply with the District's Statement of Investment Policy as established in Resolution 2-2007. The District's available cash and investment portfolio provides sufficient cash flow and liquidity to meet all normal obligations for at least a six-month period of time.

NOTE: All interest values show above are based on annual rates of return.

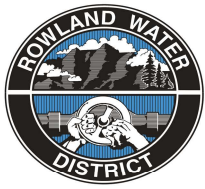


ROWLAND WATER DISTRICT

PROFIT & LOSS (Unaudited)

November 2023

	Nov-23	Year-to-Date (YTD)	Budget (Annual)	Under / (Over) Budget	YTD Budget %	Prior YTD (Unaudited)
1 OPERATING REVENUE						
2 Water Sales	\$ 1,397,328	\$ 7,593,298	\$ 16,629,200	\$ 9,035,902	46%	\$ 7,497,250
3 Meter Charges	1,008,459	5,031,234	12,191,100	7,159,866	41%	4,837,419
4 Customer Fees	37,500	487,836	397,500	(90,336)	123%	327,634
5 Contract Income	13,891	109,133	204,600	95,467	53%	76,857
6 RWD Labor Sales/Reimbursements	12,788	115,895	288,000	172,105	40%	134,074
7 Capacity Fees	29,478	54,110	50,000	(4,110)	108%	30,385
8 Flow Tests	2,275	8,775	15,900	7,125	55%	7,475
9 Return Check Fees	360	2,460	10,500	8,040	23%	5,250
10 Uncollectable	-	-	(57,600)	(57,600)	0%	-
11 TOTAL OPERATING REVENUE	2,502,078	13,402,741	29,729,200	16,326,459	45%	12,916,344
12 NON-OPERATING REVENUE						
13 Property Taxes	8,111	22,753	408,300	385,547	6%	22,496
14 Shared Services	-	-	-	-	0%	12,838
15 Interest Income	13,041	183,347	210,000	26,653	87%	91,690
16 Miscellaneous Income	-	9,823	25,000	15,177	39%	11,776
17 TOTAL NON-OPERATING REVENUE	21,152	215,923	643,300	427,377	34%	138,800
18 TOTAL REVENUES	2,523,231	13,618,664	30,372,500	16,753,836	45%	13,055,144
19 OPERATING EXPENSES						
20 Source of Supply						
21 Water Purchases	904,777	5,048,064	11,931,400	6,883,336	42%	4,618,170
22 Pumping Power	40,256	232,908	420,600	187,692	55%	168,326
23 Fixed Charges	21,064	105,320	254,100	148,780	41%	143,774
24 Chemicals	7,044	34,929	122,000	87,071	29%	45,272
25 Total Source of Supply	973,142	5,421,220	12,728,100	7,306,880	43%	4,975,542
26 Maintenance of Water System	78,974	405,459	751,200	345,741	54%	416,728
27 Service Contracts	30,609	238,259	434,800	196,541	55%	186,626
28 Assessments	8,486	124,485	257,600	133,115	48%	73,216
29 Vehicle Expense	21,771	85,311	132,300	46,989	64%	62,836
30 Tools & Supplies	6,164	15,441	50,700	35,259	30%	17,649
31 Equipment Expense	1,762	24,572	41,600	17,028	59%	19,596
32 Maintenance & Operations	(204,952)	58,935	74,200	15,265	79%	26,996
33 Engineering	11,872	66,038	200,000	133,962	33%	77,088
34 Water Tests	-	12,640	40,900	28,260	31%	10,049
35 Conservation	3,260	20,473	55,600	35,127	37%	18,873
36 Community Outreach	21,403	59,133	209,000	149,867	28%	50,286
37 TOTAL OPERATING EXPENSES	952,489	6,531,965	14,976,000	8,444,035	44%	5,935,484
38 ADMINISTRATIVE EXPENSES						
39 Liability Insurance	-	201,687	177,800	(23,887)	113%	157,127
40 IT Support Services	15,925	78,102	177,600	99,498	44%	61,776
41 IT Licensing	38,348	131,330	355,400	224,070	37%	125,115
42 Director Expense	12,679	59,585	193,500	133,915	31%	60,818
43 Bank / Management Fees	17,296	87,907	209,300	121,394	42%	79,913
44 Legal Fees	9,121	56,475	135,800	79,325	42%	53,603
45 Compliance	9,776	58,340	153,700	95,360	38%	41,165



ROWLAND WATER DISTRICT

PROFIT & LOSS (Unaudited)

November 2023

	Nov-23	Year-to-Date (YTD)	Budget (Annual)	Under / (Over) Budget	YTD Budget %	Prior YTD (Unaudited)
46 Auditing & Accounting	13,500	26,100	35,000	8,900	75%	11,700
47 Utility Services	17,464	59,281	132,400	73,119	45%	49,382
48 Dues & Memberships	965	44,381	55,900	11,519	79%	42,103
49 Conference & Meetings	602	13,580	47,000	33,420	29%	13,752
50 Office Expenses	1,046	5,847	39,400	33,553	15%	11,172
51 Seminars/Training	2,397	36,812	140,100	103,288	26%	55,408
52 Miscellaneous Expense	10,879	55,042	155,200	100,158	35%	47,573
53 TOTAL ADMINISTRATIVE EXPENSES	149,998	914,470	2,008,100	1,093,630	46%	810,604
54 PERSONNEL EXPENSES						
55 Wages						
56 Operations	98,146	493,748	1,285,100	791,352	38%	312,012
57 Distribution	91,775	455,509	1,328,200	872,691	34%	374,230
58 Administration	122,725	642,086	1,664,000	1,021,914	39%	605,291
59 Total Wages	312,646	1,591,344	4,277,300	2,685,956	37%	1,291,532
60 Payroll Taxes	18,992	105,608	318,300	212,692	33%	84,280
61 Workers Compensation	-	19,239	102,600	83,361	19%	16,817
62 Unemployment	-	85	6,000	5,915	1%	279
63 CalPERS	43,442	223,845	647,200	423,355	35%	520,976
64 OPEB Contributions	-	-	-	-	0%	-
65 EE & Retiree Health Insurance	74,442	372,797	921,200	548,403	40%	355,735
66 TOTAL PERSONNEL EXPENSES	449,521	2,312,919	6,272,600	3,959,681	37%	2,269,619
67 TOTAL EXPENSES	1,552,009	9,759,354	23,256,700	13,497,346	42%	9,015,708
68 NET INCOME / (LOSS) - BEFORE DEBT SERVICE & CAPITAL EXPENDITURES	971,221	3,859,310	7,115,800	3,256,490	54%	4,039,436
69 Less: Total Debt Service	(1,738,087)	(1,738,087)	(2,094,000)	355,913	83%	(358,087)
70 Less: CalPERS (Bond Debt Savings)	-	-	(1,000,800)	1,000,800	0%	-
71 Less: Capital Expenses (Current Year)	(274,857)	(686,179)	(4,568,100)	3,881,922	15%	(597,328)
72 CASH INCREASE / (DECREASE)	\$ (1,041,722)	\$ 1,435,045	\$ (547,100)	\$ 1,982,145		\$ 3,084,021

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



Rowland Water District

Profit & Loss Analysis and Variance Report

November 2023

1. OPERATING REVENUE

2. Water Sales – volumetric water sales revenue from all customer types including residential, commercial, public, industrial, recycled and construction. YTD is at 46%.
3. Meter Charges – the fixed monthly base rate charged to water customers each month (includes all customer types). YTD is at 41%.
4. Customer Fees – various fees conditionally charged to customers such as penalties, new service connections, reconnections, backflow administration, cross connections, connections and recycled water checks/inspections. These types of fees are unpredictable in nature and can often trend over/under expected budget. YTD is high at 123% due to new water service installations.
5. Contract Income – contains revenues from cell tower lease contracts. YTD is at 53%.
6. RWD Labor Sales/Reimbursements – water sold on construction invoices, City of Industry labor sales and Pomona-Walnut-Rowland Joint Water Line Commission (PWR JWLC) treasurer fees. The frequency and amounts of these revenues are unknown and can occasionally trend over/under budget due to their unpredictable nature. YTD is at 40%.
7. Capacity Fees – fees imposed on any property or person requesting a new, additional or larger connection to the District's potable water system (fees vary by meter size). These receipts are uncertain and can trend over/under budget due to their unpredictable nature. YTD is high at 108% due to new water service installations.
8. Flow Tests – fire flow tests performed by District personnel to measure the volume of water available at a specific hydrant (\$350 per test). YTD is at 55%.
9. Return Check Fees – customers are charged a fee when the District is paid with insufficient funds checks and checks are returned by the bank. These receipts are uncertain and can trend over/under budget due to their unpredictable nature. YTD is currently at 23%.
10. Uncollectable – the District analyzes customer receivables at the end of each year and recognizes an expense equal to the estimated amount of cash that may not be collected. Uncollectable expense will be zero until assessed at the year-end audited financial statements.

11. TOTAL OPERATING REVENUE

12. NON-OPERATING REVENUE



Rowland Water District

Profit & Loss Analysis and Variance Report

November 2023

13. Property Taxes – includes tax contributions from the County of Los Angeles. YTD is at 6% since the bulk of receipts happen between December and May each year and can cause YTD % to trend over/under expected budget %.
14. Shared Services – RWD is paid for extending Executive Director services to Bellflower-Somerset Mutual Water Company (provided by the General Manager of RWD). There are no anticipated transactions for shared services as RWD stopped providing Executive Director services.
15. Interest Income – includes interest and dividends received on District investments. YTD is at 87% due to higher interest rates on new investments.
16. Miscellaneous Income – includes income from various sources such as recycling and refunds. YTD there are no transactions for miscellaneous income. YTD is high at 39% due to sale of scrap brass, copper, steel and meters.
17. **TOTAL NON-OPERATING REVENUE**
18. **TOTAL REVENUES**
19. **OPERATING EXPENSES**
20. **SOURCE OF SUPPLY**
21. Water Purchases – Includes variable costs of potable water from Three Valleys Municipal Water District (TVMWD) and California Domestic Water Company (CalDomestic), and recycled water purchases from City of Industry and Walnut Valley Water District (WVWD). YTD is at 42%.
22. Pumping Power – the cost of electricity used for pumping water. YTD is at 55%.
23. Fixed Charges – includes fixed charges from TVMWD and CalDomestic. YTD is at 41%.
24. Chemicals – the cost of chemicals used to treat water sold to customers. YTD is at 29%.
25. **TOTAL SOURCE OF SUPPLY**
26. Maintenance of Water System – the costs of repairs and maintenance on elements of the District water system such as main lines, services, meters, reservoirs, valves, hydrants, and telemetry system. YTD is at 54%.
27. Service Contracts – includes costs for services such as billing printing and mailing, bulk paper shredding, copier leasing and services, landscaping, janitorial, uniforms, security system monitoring and maintenance, Caselle maintenance and support, Harmony renewal and other services. YTD is high at 55% due to payment of annual maintenance contract with Master Meter and 3-year maintenance contract with High-Tech Systems.



Rowland Water District

Profit & Loss Analysis and Variance Report

November 2023

28. Assessments – operating costs billed to RWD for their share of the PWR JWLC, which is billed quarterly, and the Puente Basin Water Agency (PBWA), which is billed monthly. YTD can trend over/under budget due to the timing of billing. YTD is currently high at 48% due to PBWA lease payments from July through December.
29. Vehicle Expense – includes repair and maintenance costs for District vehicles as well as the cost of fuel. YTD can trend over/under budget due to the timing of truck maintenance and fuel purchases. YTD is currently at 64%.
30. Tools & Supplies – small tools and supplies used in the field. YTD can trend over/under budget due to the timing of tools and supplies. YTD is at 30%.
31. Equipment Expense – various costs incurred related to District equipment. YTD can trend over/under budget due to the timing of equipment expenses. YTD is at 59%.
32. Maintenance & Operations – various costs incurred for District maintenance and operations not directly related to the water system. YTD can trend over/under budget due to the timing of maintenance and operations. YTD is high at 79% due to repairs to the District headquarters.
33. Engineering – general engineering costs related to District operations. YTD is currently at 33%.
34. Water Tests – laboratory testing and sampling of District water. YTD is at 31%.
35. Conservation – water conservation programs and efforts. YTD high at 37% due to purchase of conservation materials/supplies for community events.
36. Community Outreach – costs related to public relations and community outreach. YTD is at 28%.
37. **TOTAL OPERATING EXPENSES**
38. **ADMINISTRATIVE EXPENSES**
39. Liability Insurance – coverage through ACWA JPIA for the District insurance package. YTD is high at 113% due to higher increase in ACWA JPIA insurance rates.
40. IT Support Services – information technology support services. YTD is at 44%.
41. IT Licensing – includes costs for various software licenses. YTD is at 37%.
42. Director Expense – costs for director compensation and benefits. YTD is at 31% of budget.
43. Bank/Management Fees – includes various banking fees, Paymentus fees (for processing customer payments) and investment administrative fees. YTD is currently at 42%.



Rowland Water District

Profit & Loss Analysis and Variance Report

November 2023

- 44. Legal Fees – legal costs related to RWD, PBWA and Public Water Agencies Group (PWAG). YTD is at 42%.
- 45. Compliance – includes costs for State Water Resources Control Board (SWRCB) compliance, LA County property taxes, various employee certifications, District permits, and maintenance costs for equipment compliance. YTD is at 38%.
- 46. Auditing & Accounting – includes consulting services for complex accounting matters and annual audit assurance services related to District financial reporting. YTD is high at 75% due to timing of auditing & accounting fees.
- 47. Utility Services – costs related to office electricity, office phones, gas and district cell phones. YTD is at 45%.
- 48. Dues & Memberships – costs for district memberships, dues and subscriptions to various agencies such as the Water Education Foundation, Association of California Water Agencies, Urban Water Institute, California Special Districts Association and American Water Works Association. YTD is high at 79% due to timing of dues and membership billing.
- 49. Conference & Meetings – conference attendance and meeting expenses. YTD is at 29%.
- 50. Office Expenses – costs for office supplies, postage, printing and stationery. YTD is low at 15% due to the timing of these expenses.
- 51. Seminars/Training – employee seminars and training. YTD is at 26%.
- 52. Miscellaneous Expense – includes costs for travel, books & subscriptions, and miscellaneous general expenses. YTD is at 35%.
- 53. **TOTAL ADMINISTRATIVE EXPENSES**
- 54. **PERSONNEL EXPENSES**
- 55. **WAGES**
- 56. Operations – wages expense (regular, standby, OT) attributable to Operations. YTD is at 38%.
- 57. Distribution – wages expense (regular, standby, OT) attributable to Distribution. YTD is at 34%.
- 58. Administration – wages expense (regular) attributable to Administration. YTD is at 39%.
- 59. **TOTAL WAGES**
- 60. Payroll Taxes – employer payroll taxes paid by the District. YTD is trending at 33%.



Rowland Water District

Profit & Loss Analysis and Variance Report

November 2023

61. Workers Compensation – the District is billed quarterly for workers compensation insurance which can occasionally cause this line item to trend over/under expected budget. YTD is at 19%.
62. Unemployment – state unemployment insurance is paid quarterly which can cause this line to occasionally trend over/under expected budget. YTD is at 1%.
63. CalPERS – includes retirement costs for employee pension plans through the California Public Employee Retirement System. Contributions are made monthly and an annual payment is made at the beginning of each fiscal year for the plan's unfunded accrued liability. YTD is at 35%.
64. OPEB Contributions – includes retirement costs for other post-employment benefits that provides medical, dental and vision coverage. There will be no OPEB contributions for the current fiscal year as the Public Agency Retirement Services (PARS) trust is fully funded.
65. EE & Retiree Health Insurance – includes the cost of health, dental, vision, life, and disability insurance for current employees as well as health insurance for retired employees. YTD is at 40%.
66. **TOTAL PERSONNEL EXPENSES**
67. **TOTAL EXPENSES**
68. **NET INCOME / (LOSS) BEFORE DEBT SERVICE & CAPITAL EXPENSES** – Financially, the District has performed as expected through November 2023.
69. Less: Total Debt Service – includes interest and principal payments on outstanding District debt as well as related administrative expenses. Interest payments on outstanding debt are made twice per year (December/June).
70. Less: CalPERS (Bond Debt Savings) – includes bond debt refunding savings for paying down the CalPERS unfunded accrued liability. Payments are made in December and June.
71. Less: Capital Expenses (Current-Year) – includes expenses related to current-year district projects and capital assets, excluding projects funded by bond proceeds (debt). YTD is at 15%.
72. **CASH INCREASE / (DECREASE)**

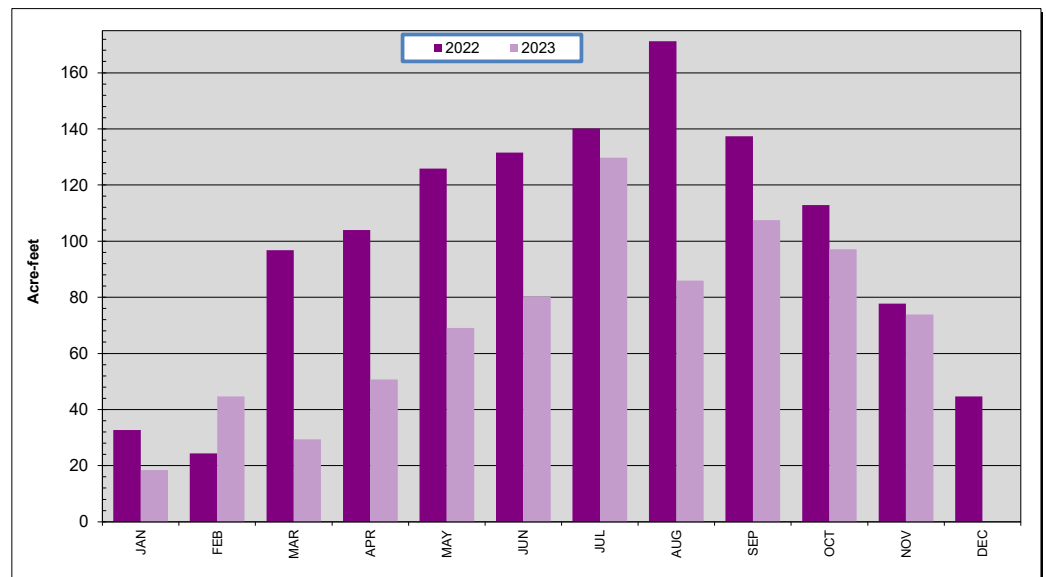
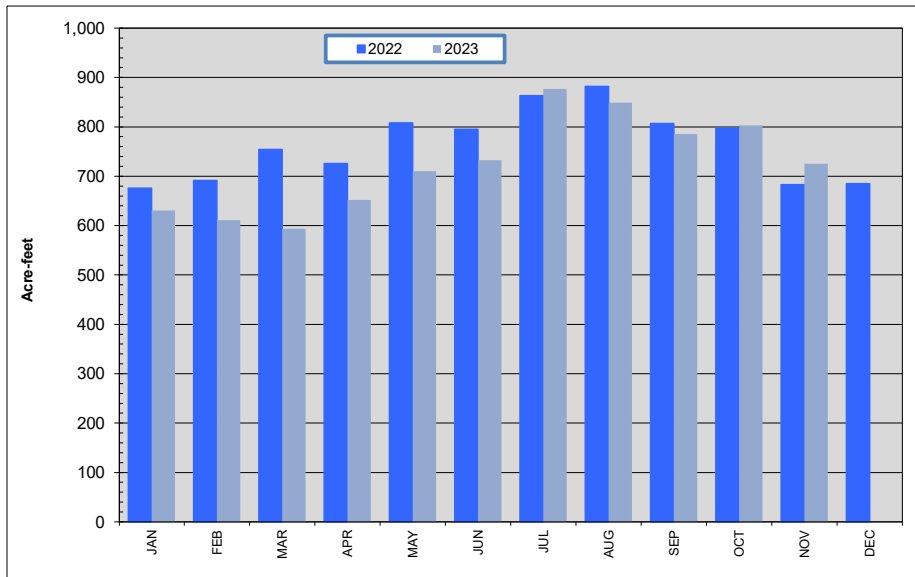


Water Purchases for CY 2023 (Acre-feet)



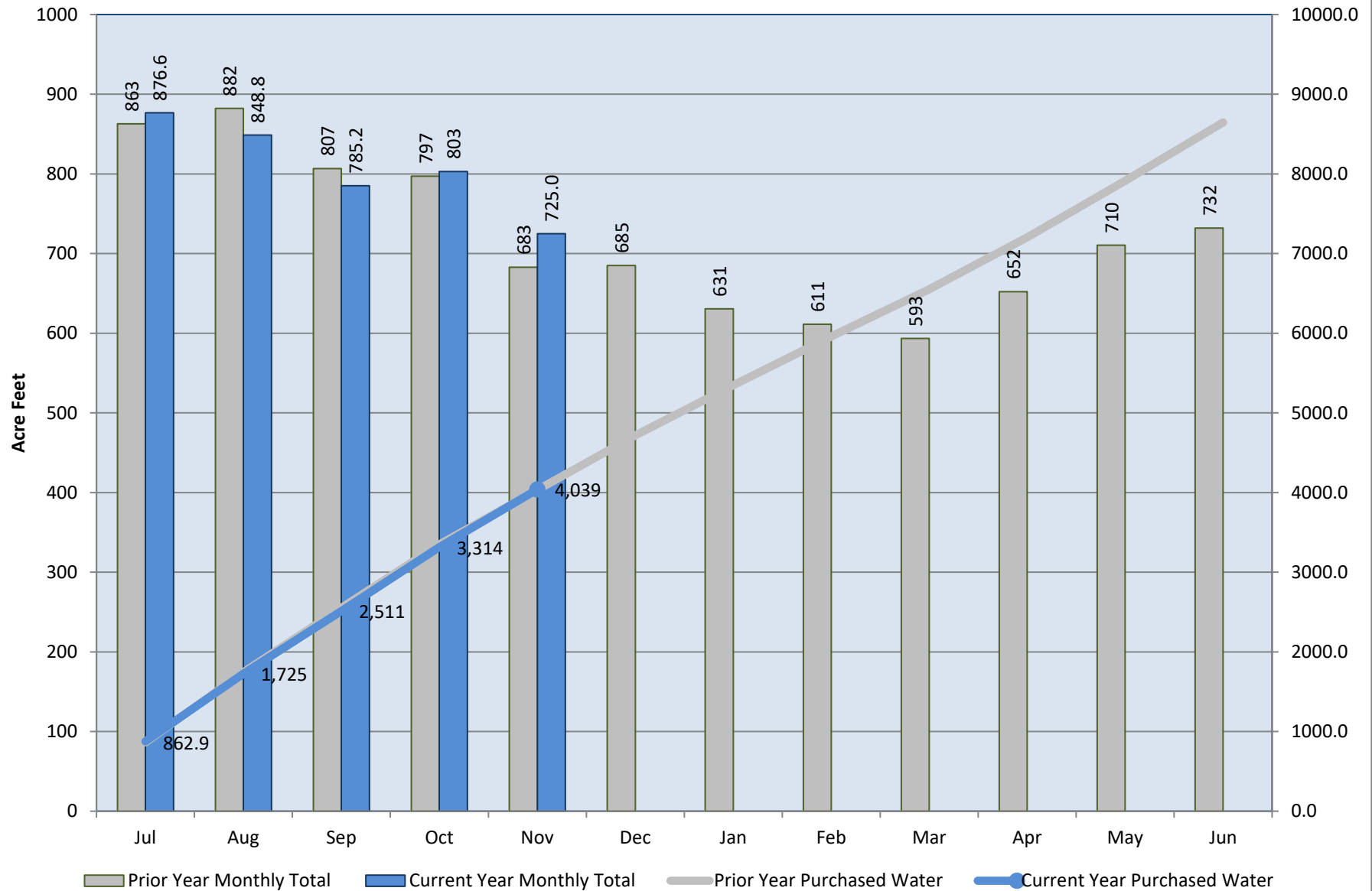
	POTABLE SYSTEM						TOTAL
	WBS	LHH	PM-9	PM-22	JWL		
					PM-15	Miramar	
JAN	162.2	0.0	0.0	149.5	217.1	101.9	630.7
FEB	155.9	0.0	0.0	141.0	270.7	43.5	611.1
MAR	169.1	0.0	0.0	188.9	97.9	137.4	593.3
APR	158.2	0.0	0.0	215.2	77.5	201.1	652.0
MAY	192.8	0.0	7.3	235.4	74.5	200.5	710.5
JUN	169.5	0.0	0.0	242.4	87.3	232.8	732.0
JUL	78.1	0.0	0.0	342.0	197.4	259.1	876.6
AUG	0.0	0.0	0.0	251.3	384.6	212.9	848.8
SEP	0.0	0.0	0.0	339.1	256.9	189.2	785.2
OCT	110.0	0.0	0.0	281.7	183.8	227.5	803.0
NOV	98.7	0.0	0.0	241.9	178.3	206.1	725.0
DEC							0.0
TOTAL	1,294.5	0.0	7.3	2,628.4	2,026.0	2,012.0	7,968.2

RECYCLED SYSTEM							TOTAL
Well 1	Wet Well	WVWD	Industry	Potable Make-up	Nogales Dewatering	Fullerton Dewatering	
1.1	2.0	0.0	0.0	0.0	15.3	0.0	18.4
8.5	13.1	1.0	9.2	0.0	12.9	0.0	44.7
8.5	0.4	0.0	2.8	0.0	17.7	0.0	29.4
16.9	15.9	1.0	0.9	0.0	16.0	0.0	50.7
27.1	22.2	1.0	3.5	0.0	15.3	0.0	69.1
21.2	40.0	2.0	3.3	0.0	13.7	0.0	80.2
22.7	22.6	2.0	67.8	0.0	14.6	0.0	129.7
19.7	12.3	3.0	36.3	0.0	14.6	0.0	85.9
28.5	15.9	3.0	56.7	0.0	3.4	0.0	107.5
28.1	16.5	1.0	45.5	3.0	3.0	0.0	97.1
25.8	22.6	1.0	21.2	0.0	3.2	0.0	73.8
							0.0
208.1	183.5	15.0	247.2	3.0	129.7	0.0	786.5



Potable Water Purchases For FY 2023-2024

(Acre-feet)



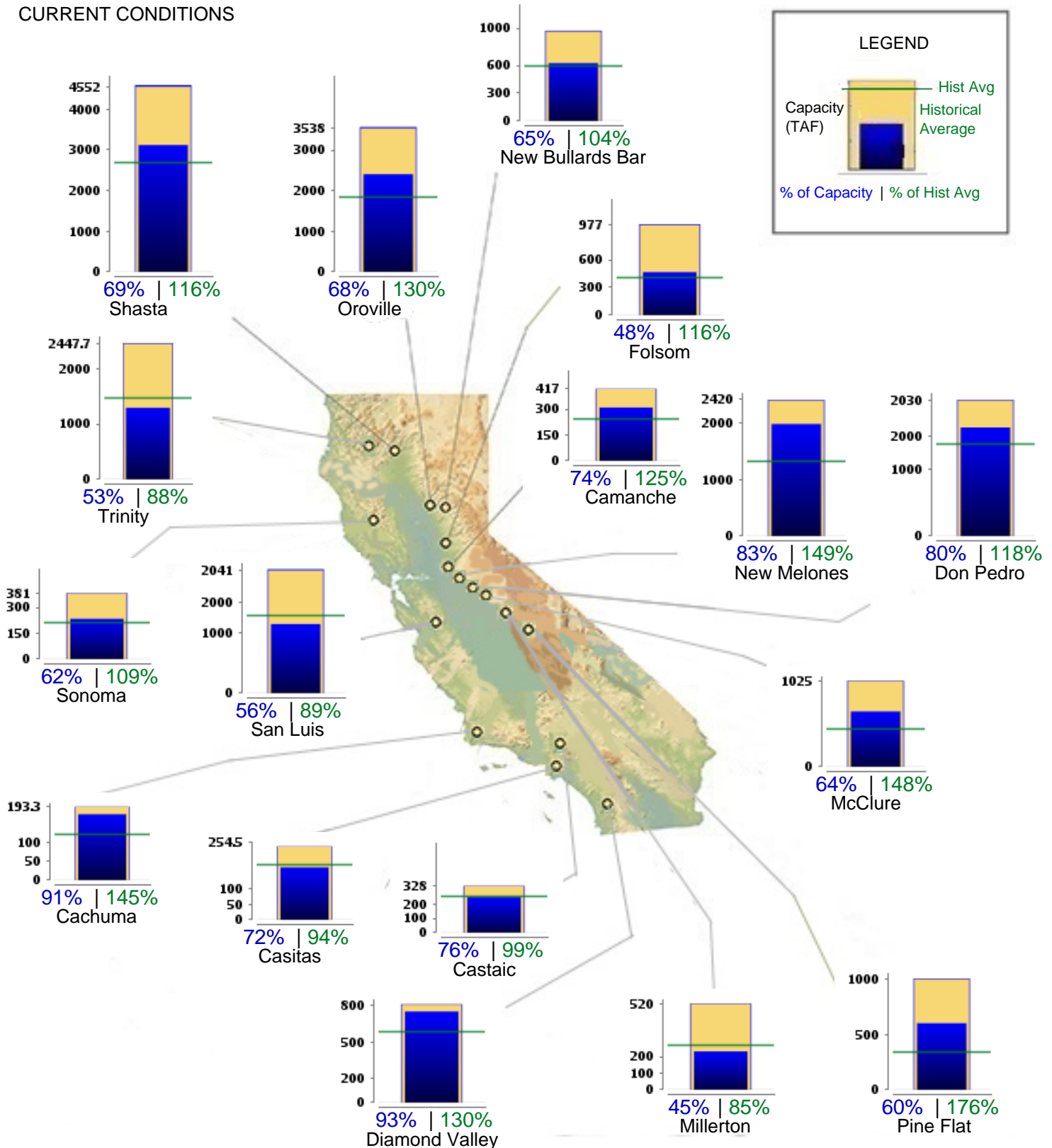


CURRENT RESERVOIR CONDITIONS

CALIFORNIA MAJOR WATER SUPPLY RESERVOIRS

Midnight - January 1, 2024

CURRENT CONDITIONS



ROWLAND WATER DISTRICT
Report to the Board of Directors
For the Fiscal Year Ended
June 30, 2023

NIGRO
& NIGRO^{PC}



Board of Directors
Rowland Water District
Rowland Heights, California

We are pleased to present this report related to our audit of the financial statements of the Rowland Water District (District) as of and for the year ended June 30, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the District.

Very truly yours,

NIGRO & NIGRO, PC

Murrieta, California
December 15, 2023

ROWLAND WATER DISTRICT

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Required Communications

ROWLANDWATER DISTRICT

Required Communications

For the Fiscal Year Ended June 30, 2023

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities with Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated June 1, 2023. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions and the account-type of areas tested. There were no changes to the planned scope and timing of our audit testwork.
Accounting Policies and Practices	<p>Accounting Policies and Practices Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. During our audit, no such circumstances were noted.</p> <p>Adoption of, or Change in, Significant Accounting Policies or Their Application Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The District did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.</p> <p>Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p>Management's Judgments and Accounting Estimates Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgement. No such significant accounting estimates were noted or estimate applications were changed from the previous year.</p>
Audit Adjustments	Audit adjustments are summarized in the attached Summary of Adjusting Journal Entries .
Uncorrected Misstatements	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

ROWLAND WATER DISTRICT*Required Communications**For the Fiscal Year Ended June 30, 2023*

Area	Comments
Discussions With Management	We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	No significant difficulties were encountered in performing our audit.
Required Supplementary Information	<p>We applied certain limited procedures to the:</p> <ol style="list-style-type: none">1. Management's Discussion and Analysis2. Required Pension Plan Disclosures3. Required OPEB Plan Disclosures <p>Which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.</p>

ROWLAND WATER DISTRICT*Required Communications**For the Fiscal Year Ended June 30, 2023*

Area	Comments
Supplementary Information	<p>We were engaged to report on the,</p> <p>Supplementary Information:</p> <ol style="list-style-type: none">1. Schedule of Other Operating Expenses2. Schedule of General and Administrative Expenses <p>Which accompanies the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.</p>

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

Summary of Adjusting Journal Entries

ROWLAND WATER DISTRICT*Summary of Adjusting Journal Entries
For the Fiscal Year Ended June 30, 2023*

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
To record GASB 68			
13901-0	DEFERRED OUTFLOWS - CONTRIB.	1,411,399.00	
23091-0	DEFERRED INFLOWS - ACTUARIAL	512,486.00	
23090-0	NET PENSION LIABILITY		1,122,701.00
56401-0	PENSION EXPENSE/(INCOME)		801,184.00
Total		1,923,885.00	1,923,885.00
Adjusting Journal Entries JE # 2			
To record GASB75			
13902-1	DOR-OPEB RELATED	723,535.00	
23093-0	OPEB DEFERRED INFLOWS	837,115.00	
13902-0	OPEB DEFERRED OUTFLOWS		56,258.00
23092-0	NET OPEB LIABILITY		1,077,889.00
56900-0	ANNUAL OPEB COST		50,694.00
56900-1	OPEB- Deferred Contributions		375,809.00
Total		1,560,650.00	1,560,650.00
Adjusting Journal Entries JE # 3			
To accrue additional AR			
13850-0	MISC ACCOUNTS RECEIVABLE	2,673,580.00	
49520-0	Capital Contribution (NEW)		2,673,580.00
Total		2,673,580.00	2,673,580.00
Adjusting Journal Entries JE # 4			
To record GASB 87			
14500-0	LEASE RECEIVABLE	134,496.00	
42380-0	CONTRACT INCOME	6,645.00	
23094-0	DEFERRED INFLOWS - LEASES		127,009.00
49210-0	INTEREST INCOME		14,132.00
Total		141,141.00	141,141.00
	Total All Journal Entries	6,299,256.00	6,299,256.00

**ROWLAND WATER DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended
June 30, 2023
(With Comparative Amounts as of June 30, 2022)**

NIGRO & NIGRO^{PC}

ROWLAND WATER DISTRICT

For the Fiscal Year Ended June 30, 2023

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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Rowland Water District
Rowland Heights, California

Opinion

We have audited the accompanying financial statements of the Rowland Water District (District), which comprise the balance sheet as of June 30, 2023, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2023 and 2022, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit 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.

Change in Accounting Principle

As described in Notes 1 and 4 to the financial statements, as of July 1, 2021, the Agency adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Agency's Proportionate Share of the Plan's Net Pension Liability, Schedule of the Agency's Contributions to the Pension Plan, Schedule of Changes in the Agency's Net OPEB Liability and Related Ratios, and Schedule of the Agency's Contributions to the OPEB Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The Schedule of Other Operating Expenses and Schedule of General and Administrative Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary 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. Such 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2022, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 15, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Murrieta, California
December 15, 2023

ROWLAND WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2023 (With Comparable Amounts as of June 30, 2022)

Management's Discussion and Analysis (MD&A) offers readers of Rowland Water District's financial statements a narrative overview of the District's financial activities for the year ended June 30, 2023. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- In fiscal year 2023, the District's net position increased 7.96%, or \$8,578,452 from the prior year's net position of \$74,139,917 to \$82,718,369, as a result of the year's operations.
- In fiscal year 2023, operating revenues increased 6.08%, or \$1,716,786 from \$28,242,365 to \$29,959,151, from the prior year, primarily due to increases in new service connections.
- In fiscal year 2023, operating expenses before depreciation expense decreased by 0.52% or \$106,907 from \$20,493,718 to \$20,386,811, from the prior year, primarily due to decreases in costs for source of supply.

REQUIRED FINANCIAL STATEMENTS

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

The Balance Sheet includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current 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 District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District'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.

ROWLAND WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2023 (With Comparable Amounts as of June 30, 2022)

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question.

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

Condensed Balance Sheets

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>
Assets:			
Current assets	\$ 17,676,194	\$ 15,690,004	\$ 1,986,190
Non-current assets	35,672,597	34,878,643	793,954
Capital assets, net	<u>70,747,620</u>	<u>68,790,298</u>	<u>1,957,322</u>
Total assets	<u>124,096,411</u>	<u>119,358,945</u>	<u>4,737,466</u>
Deferred outflows of resources	<u>9,219,142</u>	<u>7,305,466</u>	<u>1,913,676</u>
Total assets and deferred outflows of resources	<u><u>\$ 133,315,553</u></u>	<u><u>\$ 126,664,411</u></u>	<u><u>\$ 6,651,142</u></u>
Liabilities:			
Current liabilities	\$ 6,827,614	\$ 7,431,155	\$ (603,541)
Non-current liabilities	<u>39,404,770</u>	<u>39,505,947</u>	<u>(101,177)</u>
Total liabilities	<u>46,232,384</u>	<u>46,937,102</u>	<u>(704,718)</u>
Deferred inflows of resources	<u>4,364,800</u>	<u>5,587,392</u>	<u>(1,222,592)</u>
Net position:			
Net investment in capital assets	37,712,620	35,920,298	1,792,322
Unrestricted	<u>45,005,749</u>	<u>38,219,619</u>	<u>6,786,130</u>
Total net position	<u>82,718,369</u>	<u>74,139,917</u>	<u>8,578,452</u>
Total liabilities, deferred outflows of resources and net position	<u><u>\$ 133,315,553</u></u>	<u><u>\$ 126,664,411</u></u>	<u><u>\$ 6,651,142</u></u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$82,718,369 as of June 30, 2023.

ROWLAND WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2023 (With Comparable Amounts as of June 30, 2022)

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Condensed Balance Sheets (continued)

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

At the end of year 2023, the District showed a positive balance in its unrestricted net position of \$45,005,749 which may be utilized in future years.

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>
Operating revenues	\$ 29,959,151	\$ 28,242,365	\$ 1,716,786
Operating expenses	<u>(20,386,811)</u>	<u>(20,493,718)</u>	<u>106,907</u>
Operating income before depreciation	9,572,340	7,748,647	1,823,693
Depreciation expense	<u>(3,232,422)</u>	<u>(3,553,348)</u>	<u>320,926</u>
Operating income	6,339,918	4,195,299	2,144,619
Non-operating revenues(expenses), net	<u>(435,046)</u>	<u>(852,357)</u>	<u>417,311</u>
Change in net position before capital	5,904,872	3,342,942	2,561,930
Capital contributions:			
Contributed capital–other	<u>2,673,580</u>	<u>-</u>	<u>2,673,580</u>
Change in net position	8,578,452	3,342,942	5,235,510
Net position:			
Beginning of year	<u>74,139,917</u>	<u>70,796,975</u>	<u>3,342,942</u>
End of year	<u><u>\$ 82,718,369</u></u>	<u><u>\$ 74,139,917</u></u>	<u><u>\$ 8,578,452</u></u>

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years. In the case of the District, the District's net position increased 7.96%, or \$8,578,452 from the prior year's net position of \$74,139,917 to \$82,718,369, as a result of the year's operations.

ROWLAND WATER DISTRICT*Management's Discussion and Analysis (Unaudited)**For the Year Ended June 30, 2023 (With Comparable Amounts as of June 30, 2022)*

FINANCIAL ANALYSIS OF THE DISTRICT (continued)**Total Revenues**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Water sales	\$ 15,115,558	\$ 15,753,112	\$ (637,554)
Water service charges	11,840,892	11,622,138	218,754
New service connections	2,100,118	166,842	1,933,276
Reimbursements	428,319	148,351	279,968
Other operating revenues	<u>474,264</u>	<u>551,922</u>	<u>(77,658)</u>
Total operating revenues	<u>29,959,151</u>	<u>28,242,365</u>	<u>1,716,786</u>
Non-operating revenues:			
Property taxes	575,898	502,421	73,477
Investment earnings	63,714	(462,229)	525,943
Rental and contract revenue	209,311	158,568	50,743
Other non-operating revenues	107,149	147,129	(39,980)
Change in investment in joint-ventures	268,058	-	268,058
Contributed capital-other	<u>2,673,580</u>	<u>-</u>	<u>2,673,580</u>
Total non-operating revenues	<u>3,897,710</u>	<u>345,889</u>	<u>3,551,821</u>
Total revenues	<u>\$ 33,856,861</u>	<u>\$ 28,588,254</u>	<u>\$ 5,268,607</u>

In fiscal year 2023, operating revenues increased 6.08%, or \$1,716,786 from \$28,242,365 to \$29,959,151, from the prior year, primarily due to increases in new service connections.

Also, non-operating revenues increased by 10.27%, or \$3,551,821 from \$345,889 to \$3,897,710 due to the \$2,673,580 of capital contributions.

ROWLAND WATER DISTRICT*Management's Discussion and Analysis (Unaudited)**For the Year Ended June 30, 2023 (With Comparable Amounts as of June 30, 2022)***FINANCIAL ANALYSIS OF THE DISTRICT (continued)****Total Expenses**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
Operating expenses:			
Source of supply	\$ 10,354,361	\$ 11,099,755	\$ (745,394)
Pumping and power	1,368,677	1,204,751	163,926
Transmission and distribution	1,830,038	1,965,230	(135,192)
Customer services	56,704	110,174	(53,470)
Other operating expenses	544,960	513,275	31,685
General and administrative	6,232,071	5,600,533	631,538
Total operating expenses	<u>20,386,811</u>	<u>20,493,718</u>	<u>(106,907)</u>
Depreciation expense	<u>3,232,422</u>	<u>3,553,348</u>	<u>(320,926)</u>
Non-operating expenses:			
Interest expense	881,000	647,335	233,665
Contributions to joint-venture	778,176	331,846	446,330
Change in investment in joint-ventures	-	1,942	(1,942)
Cost of bond issuance	-	217,123	(217,123)
Total non-operating expenses	<u>1,659,176</u>	<u>1,198,246</u>	<u>460,930</u>
Total expenses	<u>\$ 25,278,409</u>	<u>\$ 25,245,312</u>	<u>\$ 33,097</u>

In fiscal year 2023, operating expenses before depreciation expense decreased by 0.52% or \$106,907 from \$20,493,718 to \$20,386,811, from the prior year, primarily due to decreases in costs for source of supply.

Capital Assets

	<u>Balance June 30, 2023</u>	<u>Balance June 30, 2022</u>
Capital assets:		
Non-depreciable assets	\$ 5,565,968	\$ 7,860,368
Depreciable assets	109,739,084	102,305,751
Accumulated depreciation	<u>(44,557,432)</u>	<u>(41,375,819)</u>
Total capital assets, net	<u>\$ 70,747,620</u>	<u>\$ 68,790,300</u>

At the end of year 2023, the District's investment in capital assets amounted to \$70,747,620 (net of accumulated depreciation), respectively. Capital asset additions amounted to \$5,189,742 for various projects and equipment. See Note 6 for further information.

ROWLAND WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2023 (With Comparable Amounts as of June 30, 2022)

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Debt Administration

The long-term debt of the District is summarized below:

	Balance	Balance
Long-term debt:	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Bonds payable	<u>\$ 36,170,000</u>	<u>\$ 36,170,000</u>

Long-term debt had no change during the 2023 fiscal year. There were no principal payments due during the year. See Notes 8 for further information.

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.

CONDITIONS AFFECTING CURRENT AND FUTURE FINANCIAL POSITION

The District's Board of Directors and management considered many factors when setting the fiscal year 2023, user fees, and charges. A projection is made on the acre feet of water that will be purchased and sold. The District also looks at the increased cost of the Source of Supply. Since the District heavily relies on import water, the costs are directly passed through by Metropolitan Water District and Three Valleys Municipal Water District. Some are fixed costs that do not vary depending upon the amount of water sold. Other expenses are budgeted individually to account for increases in such things as vehicle expenses and insurance coverages. The District's customer base has not changed significantly; therefore, revenue and costs are more easily projected. Questions concerning the information about the economic analysis, revenue and expense assumptions, and other budgetary process parameters utilized in the annual budget preparation can be obtained from the District's Finance Officer.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Director of Finance, 3021 S. Fullerton Rd., Rowland Heights, CA 91748 – (562) 697-1726.

ROWLAND WATER DISTRICT

Balance Sheets

June 30, 2023 (With Comparative Amounts as of June 30, 2022)

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents (Note 2)	\$ 10,710,204	\$ 11,470,536
Accrued interest receivable	82,913	54,949
Accounts receivable, net (Note 3)	3,356,806	3,523,761
Property taxes receivable	14,680	18,929
Lease receivable (Note 4)	177,771	143,931
Other receivables	2,850,495	110,571
Inventory – water-in-storage	109,290	99,518
Inventory – materials and supplies	272,928	180,382
Prepaid expenses	101,107	87,427
Total current assets	17,676,194	15,690,004
Non-current assets:		
Investments (Note 2)	11,814,371	11,744,841
Investments in joint-ventures (Note 5)	23,223,378	21,640,986
Lease receivable (Note 4)	634,848	534,192
Net OPEB asset (Note 10)	-	958,624
Capital assets – not being depreciated (Note 6)	5,565,968	7,860,368
Capital assets – being depreciated, net (Note 6)	65,181,652	60,929,930
Total non-current assets	106,420,217	103,668,941
Total assets	124,096,411	119,358,945
Deferred outflows of resources:		
Deferred amounts related to refunding of long-term debt (Note 8)	3,135,000	3,300,000
Deferred amounts related to net OPEB obligation(asset) (Note 9)	1,147,714	480,437
Deferred amounts related to net pension liability (Note 10)	4,936,428	3,525,029
Total deferred outflows of resources	9,219,142	7,305,466
Total assets and deferred outflows of resources	\$ 133,315,553	\$ 126,664,411
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,609,478	\$ 2,820,175
Deposits and unearned revenues	2,686,105	4,471,061
Accrued interest payable	56,573	56,746
Long-term liabilities – due within one year:		
Compensated absences (Note 7)	95,458	83,173
Bonds payable (Note 8)	1,380,000	-
Total current liabilities	6,827,614	7,431,155
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 7)	286,374	249,517
Bonds payable (Note 8)	34,790,000	36,170,000
Net OPEB obligation (Note 9)	119,265	-
Net pension liability (Note 10)	4,209,131	3,086,430
Total non-current liabilities	39,404,770	39,505,947
Total liabilities	46,232,384	46,937,102
Deferred inflows of resources:		
Deferred amounts related to leases (Note 4)	786,367	659,358
Deferred amounts related to net OPEB obligation(asset) (Note 9)	1,232,135	2,069,250
Deferred amounts related to net pension liability (Note 10)	2,346,298	2,858,784
Total deferred inflows of resources	4,364,800	5,587,392
Net position:		
Net investment in capital assets (Note 11)	37,712,620	35,920,298
Unrestricted	45,005,749	38,219,619
Total net position	82,718,369	74,139,917
Total liabilities, deferred inflows of resources and net position	\$ 133,315,553	\$ 126,664,411

ROWLAND WATER DISTRICT*Statements of Revenues, Expenses and Changes in Net Position**For the Fiscal Year Ended June 30, 2023 (With Comparative Amounts as of June 30, 2022)*

	2023	2022
Operating revenues:		
Water sales	\$ 15,115,558	\$ 15,753,112
Water service charges	11,840,892	11,622,138
New service connections	2,100,118	166,842
Reimbursements	428,319	148,351
Other operating revenues	474,264	551,922
Total operating revenues	29,959,151	28,242,365
Operating expenses:		
Source of supply	10,354,361	11,099,755
Pumping and power	1,368,677	1,204,751
Transmission and distribution	1,830,038	1,965,230
Customer services	56,704	110,174
Other operating	544,960	513,275
General and administrative	6,232,071	5,600,533
Total operating expenses	20,386,811	20,493,718
Operating income before depreciation	9,572,340	7,748,647
Depreciation expense	(3,232,422)	(3,553,348)
Operating income	6,339,918	4,195,299
Non-operating revenues(expenses):		
Property taxes	575,898	502,421
Investment earnings	63,714	(462,229)
Rental and contract revenue	209,311	158,568
Other non-operating revenues	107,149	147,129
Interest expense	(881,000)	(647,335)
Cost of bond issuance	-	(217,123)
Contributions to joint-venture (Note 5)	(778,176)	(331,846)
Change in investment in joint-ventures (Note 5)	268,058	(1,942)
Total non-operating revenues(expenses), net	(435,046)	(852,357)
Change in net position before capital contributions	5,904,872	3,342,942
Capital contributions:		
Contributed capital-other	2,673,580	-
Total capital contributions	2,673,580	-
Change in net position	8,578,452	3,342,942
Net position:		
Beginning of year	74,139,917	70,796,975
End of year	\$ 82,718,369	\$ 74,139,917

ROWLAND WATER DISTRICT*Statements of Cash Flows**For the Fiscal Year Ended June 30, 2023 (With Comparative Amounts as of June 30, 2022)*

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 28,583,779	\$ 29,601,869
Cash paid to employees for salaries and wages	(3,428,917)	(3,374,761)
Cash paid to vendors and suppliers for materials and services	<u>(18,463,134)</u>	<u>(19,927,054)</u>
Net cash provided by operating activities	<u>6,691,728</u>	<u>6,300,054</u>
Cash flows from non-capital financing activities:		
Proceeds from property taxes	<u>580,147</u>	<u>483,492</u>
Net cash provided by non-capital financing activities	<u>580,147</u>	<u>483,492</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(5,189,744)	(5,243,764)
Interest paid on long-term debt	(716,173)	(740,327)
Proceeds from water revenue refunding bonds	-	36,170,000
Refunding escrow deposit for refunded bonds	-	(35,952,877)
Cost of bond issuance	<u>-</u>	<u>(217,123)</u>
Net cash used in capital and related financing activities	<u>(5,905,917)</u>	<u>(5,984,091)</u>
Cash flows from investing activities:		
Change in investments	(84,754)	947,139
Investment earnings	50,974	220,979
Contributions to joint-ventures	<u>(2,092,510)</u>	<u>(793,634)</u>
Net cash provided by (used in) investing activities	<u>(2,126,290)</u>	<u>374,484</u>
Net increase in cash and cash equivalents	<u>(760,332)</u>	<u>1,173,939</u>
Cash and cash equivalents:		
Beginning of year	<u>11,470,536</u>	<u>10,296,597</u>
End of year	<u><u>\$ 10,710,204</u></u>	<u><u>\$ 11,470,536</u></u>

ROWLAND WATER DISTRICT*Statements of Cash Flows (continued)**For the Fiscal Year Ended June 30, 2023 (With Comparative Amounts as of June 30, 2022)*

	<u>2023</u>	<u>2022</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 6,339,918	\$ 4,195,299
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,232,422	3,553,348
Allowance for bad debt	(83,284)	155,610
Rental and contract revenue	209,311	158,568
Other non-operating revenues	107,149	147,129
Change in assets – (increase)decrease:		
Accounts receivable, net	250,239	150,816
Lease receivable	(134,496)	166,370
Other receivables	(66,344)	(77,756)
Inventory – water-in-storage	(9,772)	3,994
Inventory – materials and supplies	(92,546)	12,061
Prepaid expenses	(13,680)	(1,031)
Change in deferred outflows of resources – (increase)decrease		
Deferred amounts related to net OPEB obligation	(667,277)	1,377,960
Deferred amounts related to net pension liability	(1,411,399)	(2,284,131)
Change in liabilities – increase(decrease):		
Accounts payable and accrued expenses	(210,697)	(285,564)
Deposits and unearned revenues	(1,784,956)	838,351
Compensated absences	49,142	(35,258)
Net OPEB obligation(asset)	1,077,889	(2,864,211)
Net pension liability	1,122,701	(2,284,076)
Change in deferred inflows of resources – increase(decrease)		
Deferred amounts related to leases	127,009	(179,584)
Deferred amounts related to net OPEB obligation	(837,115)	900,782
Deferred amounts related to net pension liability	(512,486)	2,651,377
Total adjustments	<u>351,810</u>	<u>2,104,755</u>
Net cash provided by operating activities	<u>\$ 6,691,728</u>	<u>\$ 6,300,054</u>
Noncash investing, capital and financing transactions:		
Change in fair-value of investments	<u>\$ (15,223)</u>	<u>\$ (678,910)</u>
Amortization of bond discount	<u>\$ -</u>	<u>\$ 19,876</u>
Amortization of deferred amounts related to refunding of long-term debt	<u>\$ (165,000)</u>	<u>\$ (197,021)</u>

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Rowland Water District (District) was formed by the voters on March 3, 1953 under the County Water District Law, Division 12 Water Code, State of California, to provide a safe and reliable water source to allow the community to transform a cattle raising and farming area into the large urban and industrial area it serves today. The District encompasses a 17.2 square mile area in Southeastern Los Angeles County, which services portions of Rowland Heights, La Puente, Hacienda Heights, City of Industry, and City of West Covina. The service area's population is approximately 60,000.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, The Financial Reporting Entity (GASB Statement No. 61). The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

B. Basis of Presentation, Basis of Accounting

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net position from operations as operating income in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of 90 days or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

3. Receivables and Allowance for Doubtful Accounts

Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. Receivables are shown net of allowances for doubtful accounts. Uncollectable accounts are based on prior experience and management's assessment of the collectability of existing accounts.

4. Prepaids

Certain payments of vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

5. Lease Receivable and Deferred Inflows of Resources

The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. As a lessor, the District is required to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions. The District's lease receivable is measured at the present value of the lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

6. Inventories and Water in Storage

Supply inventories maintained by the District consist primarily of water meters and accessories, water pipes, valves, and various fittings. Inventories are valued at cost using the first-in, first-out method. Water in storage is valued at average cost.

7. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over \$10,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Estimated service lives for the District's classes of assets are as follows:

Description	Estimated Lives
Transmission and distribution system	15-75 years
Equipment	5-10 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

9. Compensated Absences

The District's personnel policies provide for accumulation of vacation and sick leave (employee benefits). Liabilities for vacation leave are recorded when benefits are earned. Full cash payment for all unused vacation leave is available to employees upon retirement or termination. Also, in accordance with the District's policy, employees may accrue unlimited sick time. Upon attaining 352 hours, the employee may exercise the option to exchange 50% of sick leave hours earned in the previous twelve-months for cash or vacation time. Upon separation, retirement, or death, an employee shall receive, as an additional retirement benefit, an amount equal to 50% of accrued hours for unused sick leave pay for up to 352 hours or 176 hours.

10. Pensions

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

The following timeframes are used for pension reporting:

Valuation Date June 30, 2021

Measurement Date June 30, 2022

Measurement Period July 1, 2021 to June 30, 2022

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retirees) as of the beginning of the measurement period.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

10. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Retiree Benefits Plan ("the Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments which are reported at cost.

The following timeframes are used for OPEB reporting:

Valuation Date June 30, 2021

Measurement Date June 30, 2022

Measurement Period July 1, 2021 to June 30, 2022

11. Net Position

Net position is classified into two components: net investment in capital assets and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

D. Use of Estimates

The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Property Taxes

The Los Angeles County Assessor's Office assesses all real and personal property within the County each year. The Los Angeles County Tax Collector's Office bills and collects the District's share of property taxes. The Los Angeles County Auditor-Controller's Office remits current property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article XIII A of the State Constitution at one percent (1%) of countywide assessed valuations. Property taxes receivable at year-end are related to property taxes collected by the Los Angeles County Tax Collector's Office, which have not been credited to the District's cash balance as of June 30.

The property tax calendar is as follows:

Lien date March 1
Levy date July 1
Due dates November 1 and March 1
Collection dates December 10 and November 10

NOTE 2 – CASH AND INVESTMENTS

Cash and investments were classified in the accompanying financial statements as follows:

<u>Description</u>	<u>June 30, 2023</u>
Cash and cash equivalents	\$ 10,710,204
Investments	<u>11,814,371</u>
Total cash and investments	<u><u>\$ 22,524,575</u></u>

Cash and investments consisted of the following:

<u>Description</u>	<u>June 30, 2023</u>
Petty cash	\$ 400
Demand deposits held with financial institutions	3,657,457
Investments	<u>18,866,718</u>
Total cash and investments	<u><u>\$ 22,524,575</u></u>

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 2 – CASH AND INVESTMENTS (continued)

Demand Deposits with Financial Institutions

At June 30, 2023, the carrying amount of the District's demand deposits were \$3,657,457 and the financial institution's balances were \$3,631,232. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

Custodial Credit Risk – Deposits

Custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution the District 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 the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2023, the District's deposits were covered by the Federal Deposit Insurance Corporation insurance limits or collateralized as required by California law.

Investments

The District's investments as of June 30, 2023 are presented in the following Investment Table:

Type of Investments	Measurement Input	Credit Rating	Total Fair Value	Maturity		
				12 Months or Less	13 to 24 Months	25 to 120 Months
U.S. government sponsored agency securities	Level 2	A to AAA	\$ 7,688,733	\$ 2,049,604	\$ 2,456,291	\$ 3,182,838
Medium-term notes	Level 2	A to AAA	3,719,690	1,496,594	1,987,813	235,283
Local Agency Investment Fund (LAIF)	N/A	N/A	7,052,347	7,052,347	-	-
Money-market mutual funds	N/A	AAA	405,948	405,948	-	-
Total investments			\$ 18,866,718	\$ 11,004,493	\$ 4,444,104	\$ 3,418,121

ROWLAND WATER DISTRICT*Notes to Financial Statements**June 30, 2023*

NOTE 2 – CASH AND INVESTMENTS (continued)**Investments Authorized by the California Government Code and the District's Investment Policy**

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District or the investment of funds within the OPEB Trust that are governed by the agreement between the District and the Trustee, rather than the general provisions of the California Government Code or the District's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5-years	None	None
U.S. Government Sponsored Agency Securities	5-years	None	None
State of California Obligations	5-years	None	None
CA Local Agency Obligations	5-years	None	None
Negotiable Certificates of Deposit (Negotiable CD)	5-years	30%	5%
CD Placement Service	5-years	30%	None
Banker's Acceptances	180 days	40%	30%
Reverse Purchase Agreement	92 days	20%	None
Repurchase Agreements	1-year	None	None
Commercial Paper	270 days	25%	10%
Medium- Term Notes	5-years	30%	None
California Local Agency Investment Fund (LAIF)	N/A	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	None
Mutual Funds and Money Market Mutual Funds	N/A	20%	10%
Collateralized Bank Deposits	5-years	None	None
Bank/Time Deposits	5-years	None	None

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
US Treasury Obligations	None	None	None
US Government Sponsored Agency Securities:	None	None	None
Federal Home Loan Bank	None	None	None
Federal Home Loan Mortgage Corporation	None	None	None
Federal National Mortgage Association	None	None	None
Federal Farm Credit Bank	None	None	None
State and Local Agency Obligations	None	None	None
Banker's Acceptances	1-year	None	None
Medium- Term Notes	3-year	None	None
Commercial Paper	None	None	None
Money Market Mutual Funds	N/A	None	None
Investment Agreements	None	None	None
Certificates of Deposit	None	None	None
Repurchase Agreements	30 days	None	None
Local Agency Investment Fund (LAIF)	None	None	None

Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by in the Investment Table that shows the distribution of the District's investments by maturity as of June 30, 2023.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the Investment Table are Standard & Poor's credit ratings for the District's investments as of June 30, 2023. U.S. treasury obligations are not required to be rated and therefore no rating has been assigned.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 2 – CASH AND INVESTMENTS (continued)

Concentration of Credit Risk

Investments in any one issuer that represent 5% or more of total District investments are as follows:

Issuer	Amount
U.S. government sponsored agency securities:	
Federal Farm Credit Banks Funding Corporation	\$ 1,456,128
Federal Home Loan Bank	\$ 3,830,349
Federal Home Loan Mortgage Corporation	\$ 1,462,543

Fair Value Measurements

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

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE 3 – ACCOUNTS RECEIVABLE, NET

The balance at June 30, 2023 consists of the following;

Description	June 30, 2023
Accounts receivable	\$ 3,440,091
Allowance for doubtful accounts	(83,285)
Total accounts receivable, net	\$ 3,356,806

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2023

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES

Changes in the District's lease receivable for the year ended June 30, 2023 was as follows:

Description	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Cellular antenna site rental 1	\$ 10,122	\$ 106,489	\$ (20,298)	\$ 96,313
Cellular antenna site rental 2	77,456	-	(43,642)	33,814
Cellular antenna site rental 3	9,615	12,369	(21,984)	-
Cellular antenna site rental 4	189,669	-	(44,902)	144,767
Cellular antenna site rental 5	391,261	-	(35,651)	355,610
Cellular antenna site rental 6	-	198,952	(16,837)	182,115
	<u>\$ 678,123</u>	<u>\$ 317,810</u>	<u>\$ (183,314)</u>	<u>\$ 812,619</u>

Changes in the District's lease receivable for the year ended June 30, 2022 was as follows:

Description	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Cellular antenna site rental 1	\$ 30,065	\$ -	\$ (19,943)	\$ 10,122
Cellular antenna site rental 2	119,365	-	(41,909)	77,456
Cellular antenna site rental 3	37,800	-	(28,185)	9,615
Cellular antenna site rental 4	232,291	-	(42,622)	189,669
Cellular antenna site rental 5	424,972	-	(33,711)	391,261
	<u>\$ 844,493</u>	<u>\$ -</u>	<u>\$ (166,370)</u>	<u>\$ 678,123</u>

The District is reporting a total lease receivable of \$812,619 and \$678,123 and a total related deferred inflows of resources of \$786,367 and \$659,358 for the years ending June 30, 2023 and 2022, respectively. Also, the District is reporting total lease revenue of \$183,314 and \$166,370 and interest revenue of \$14,132 and \$15,648 related to lease payments received for the years ending June 30, 2023 and 2022, respectively. The lease held by the District does not have an implicit rate of return, therefore the District used their incremental borrowing rate of 2.00% to discount the lease revenue to the net present value. In some cases leases contain termination clauses. In these cases the clause requires the lessee or lessor to show cause to terminate the lease. Also, certain leasing-types are considered "volatile leases." Those volatile leases were not extended past their initial lease period for financial statement recognition due to their volatility. The District's leases are summarized as follows:

Cellular Antenna Site Rental 1

The District, on January 1, 2023, renewed a continuous lease for 60 months as lessor for the use of a cellular Antenna site rental. An initial lease receivable was recorded in the amount of \$106,489. As of June 30, 2023 the value of the lease receivable was \$96,313. The lease is required to make monthly fixed payments of \$2,271 for the remaining 60 months, then increasing 10% every 5 years. The lease has an interest rate of 2.00%. The value of the deferred inflow of resource was \$95,840 as of June 30, 2023. The District recognized lease revenue of \$20,298 and interest revenue of \$1,046 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)

Cellular Antenna Site Rental 2

The District, on July 1, 2021, renewed a continuous lease for 45 months as lessor for the use of a cellular Antenna site rental. An initial lease receivable was recorded in the amount of \$159,593. As of June 30, 2023, the value of the lease receivable was \$33,814. The lease is required to make monthly fixed payments of \$3,789 for the remaining term of the lease, then increasing 2.0% per year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resource was \$31,918 as of June 30, 2023. The District recognized lease revenue of \$43,642 and interest revenue of \$1,152 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

Cellular Antenna Site Rental 3

The District, on November 1, 2022, renewed a continuous lease for 60 months as lessor for the use of a cellular Antenna site rental, but the lease was terminated effective March 31, 2023. An initial lease receivable was recorded in the amount of \$12,369. As of June 30, 2023, the lessor continues to make month to month payments of \$2,486 since the lessor has not vacated the property. The lease had an interest rate of 2.00%. The District recognized lease revenue of \$21,984 and interest revenue of \$62 during the fiscal year.

Cellular Antenna Site Rental 4

The District, on June 1, 2022, renewed a continuous lease for 60 months as lessor for the use of a cellular Antenna site rental. An initial lease receivable was recorded in the amount of \$235,795. As of June 30, 2023, the value of the lease receivable was \$144,767. The lease is required to make monthly fixed payments of \$4,134 for the next 11 months, then increasing 3.0% per year. The lease had a monthly rental increase of \$1,212 effective as of March 2022 due to additional site rental space. The lease has an interest rate of 2.00%. The value of the deferred inflow of resource was \$137,547 as of June 30, 2023. The District recognized lease revenue of \$44,902 and interest revenue of \$3,384 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

Cellular Antenna Site Rental 5

The District, on May 1, 2022, commenced a continuous lease for 120 months as lessor for the use of a cellular Antenna site rental. An initial lease receivable was recorded in the amount of \$430,536. As of June 30, 2023, the value of the lease receivable was \$355,610. The lease is required to make monthly fixed payments of \$3,605 for the remaining 10 months, then increasing 3.0% per year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resource was \$338,689 as of June 30, 2023. The District recognized lease revenue of \$35,651 and interest revenue of \$7,825 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

Cellular Antenna Site Rental 6

The District, on February 1, 2023, commenced a continuous lease for 60 months as lessor for the use of a cellular Antenna site rental. An initial lease receivable was recorded in the amount of \$198,952. As of June 30, 2023, the value of the lease receivable was \$182,115. The lease is required to make monthly fixed payments of \$3,500 for the first 12 months, then increasing 3.0% every year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resource was \$182,373 as of June 30, 2023. The District recognized lease revenue of \$16,837 and interest revenue of \$663 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2023

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)

Minimum future lease receipts for the next eight fiscal years are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 177,771	\$ 15,202	\$ 192,973
2025	149,698	12,014	161,712
2026	151,122	8,993	160,115
2027	106,851	6,443	113,294
2028	81,715	4,367	86,082
2029-2031	145,462	5,587	151,049
Total	\$ 812,619	\$ 52,606	\$ 865,225
Current	(177,771)		
Long-term	\$ 634,848		

Changes in the District's deferred inflows of resources related to leases for June 30, 2023 is as follows:

Description	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Cellular antenna site rental 1	\$ 9,922	\$ 106,489	\$ (20,571)	\$ 95,840
Cellular antenna site rental 2	74,476	-	(42,558)	31,918
Cellular antenna site rental 3	9,229	12,369	(21,598)	-
Cellular antenna site rental 4	184,706	-	(47,159)	137,547
Cellular antenna site rental 5	381,025	-	(42,336)	338,689
Cellular antenna site rental 6	-	198,952	(16,579)	182,373
	<u>\$ 659,358</u>	<u>\$ 317,810</u>	<u>\$ (190,801)</u>	<u>\$ 786,367</u>

Changes in the District's deferred inflows of resources related to leases for June 30, 2022 is as follows:

Description	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Cellular antenna site rental 1	\$ 29,767	\$ -	\$ (19,845)	\$ 9,922
Cellular antenna site rental 2	117,035	-	(42,559)	74,476
Cellular antenna site rental 3	36,914	-	(27,685)	9,229
Cellular antenna site rental 4	231,865	-	(47,159)	184,706
Cellular antenna site rental 5	423,361	-	(42,336)	381,025
	<u>\$ 838,942</u>	<u>\$ -</u>	<u>\$ (179,584)</u>	<u>\$ 659,358</u>

The amounts reported as deferred inflows of resources related to leases for the year ended June 30, 2023, will be amortized in future periods as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Inflows of Resources
2024	\$ 182,502
2025	150,583
2026	146,653
2027	103,424
2028	76,196
2029-2031	127,009
Total	<u>\$ 786,367</u>

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 5 – INVESTMENTS IN JOINT-VENTURES

The balance at June 30, 2023 consists of the following;

Investments in Joint-Ventures	PBWA	PWR-JWLC	Total
Balance – beginning of year	\$ 20,731,922	\$ 909,064	21,640,986
Change in investment in joint-ventures	<u>1,567,738</u>	<u>14,654</u>	<u>1,582,392</u>
Balance – end of year	<u>\$ 22,299,660</u>	<u>\$ 923,718</u>	<u>\$ 23,223,378</u>

Puente Basin Water Agency (PBWA)

The Puente Basin Water Agency (the Agency) was created in 1971 by the execution of a Joint Powers Agreement (the Agreement) between the Rowland Water District and the Walnut Valley Water District. The Agreement was made pursuant to Article 1, Chapter 5, Division 7, Title 1 of the California Government Code. 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 a four-member-appointed Board of Commissioners. Each District appoints two members to this board.

Upon dissolution of the Agency, the assets in the possession of the Agency shall be distributed to the members as their interest may appear on the books of the Agency and pursuant to the provisions of Section 6512 of the California Government Code. Complete financial statements for the Agency can be obtained by written request at 271 South Brea Canyon Road, Walnut, California.

The changes in its investment in Puente Basin Water Agency consist of the following as of June 30, 2023:

Description	June 30, 2023
Balance – beginning of year	\$ 20,731,922
Share of net income	<u>1,567,738</u>
Balance – end of year	<u>\$ 22,299,660</u>

The following is condensed financial information of the investment in Puente Basin Water Agency as of and for the year ended June 30, 2023, including the participants' approximate percentage shares:

Description	June 30, 2023	District Share 50%
Total assets	<u>\$ 48,847,751</u>	
Total liabilities	\$ 4,248,431	
Total net position	<u>44,599,320</u>	<u>\$ 22,299,660</u>
Total liabilities and net position	<u>\$ 48,847,751</u>	

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 5 – INVESTMENTS IN JOINT-VENTURES (continued)

Pomona-Walnut-Rowland Joint Water Line Commission (PWR-JWLC)

The District is a member of the Pomona-Walnut-Rowland Joint Water Line Commission (Commission). The Commission was formed under the Joint Powers Agreement (the JPA) of 1956 between the City of Pomona, the Walnut Valley Water District (WVWD), and the Rowland Water District (RWD). The JPA's purpose is to acquire, construct, maintain, repair, manage, and operate a water transmission pipeline for the benefit of the members' water supplies. The Commission is governed by a three-member board composed of one appointee from each member agency. Each year, every member agency is charged an assessment for their share of the general and administrative costs of the Commission, which is allocated to each agency on a one-third basis. A budget assessment is collected each fiscal year and each agency pays one-third of the amount of the assessment as well as a capital surcharge for the future replacement of the pipeline. For the year ended June 30, 2023, the District did not remit assessments for their share of general and administrative costs and future replacement costs. Upon dissolution of the Commission, the net position will be divided in proportion to the contribution each agency made to the maintenance and operation account during the last prior 12-month period. The District, consequently, has an ongoing financial responsibility in the activities of the Commission. However, the JPA does not explicitly require the measurement of the District's equity interest in the Commission. Complete financial statements for the Commission can be obtained by written request at P.O. Box 508, Walnut, California.

The changes in its investment in the Commission consisted of the following as of June 30, 2023:

<u>Description</u>	<u>June 30, 2023</u>
Balance – beginning of year	\$ 909,064
Share of net income	<u>14,564</u>
Balance – end of year	<u>\$ 923,628</u>

The following is condensed financial information of the investment in Pomona-Walnut-Rowland Joint Water Line Commission as of and for the year ended June 30, 2023, including the participants' approximate percentage shares:

<u>Description</u>	<u>June 30, 2023</u>	<u>Member Share</u>		
		<u>City of Pomona</u> 25.8%	<u>WVWD</u> 45.1%	<u>RWD</u> 29.1%
Total assets	<u>\$ 5,907,296</u>			
Total liabilities	\$ 2,733,008			
Total net position	<u>3,174,288</u>	<u>\$ 818,966</u>	<u>\$ 1,431,604</u>	<u>\$ 923,718</u>
Total liabilities and net position	<u>\$ 5,907,296</u>			

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2023

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

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

Description	Balance July 1, 2022	Additions	Deletions/ Transfers	Balance June 30, 2023
Non-depreciable assets:				
Land	\$ 261,340	\$ -	\$ -	\$ 261,340
Water rights	5,000	-	-	5,000
Construction-in-process	7,594,028	5,287,531	(7,581,931)	5,299,628
Total non-depreciable assets	7,860,368	5,287,531	(7,581,931)	5,565,968
Depreciable assets:				
Sources of supply	2,110,034	-	-	2,110,034
Pumping	10,845,354	337,033	-	11,182,387
Transmission and distribution system	76,408,003	6,077,144	(16,039)	82,469,108
Telemetry equipment	2,396,972	-	-	2,396,972
Office building and equipment	7,760,659	1,069,965	(34,770)	8,795,854
General plant	1,508,195	-	-	1,508,195
Transportation equipment	1,276,534	-	-	1,276,534
Total depreciable assets	102,305,751	7,484,142	(50,809)	109,739,084
Accumulated depreciation:				
Sources of supply	(1,323,551)	(68,053)	-	(1,391,604)
Pumping	(5,426,084)	(391,445)	-	(5,817,529)
Transmission and distribution system	(28,840,256)	(2,031,846)	16,039	(30,856,063)
Telemetry equipment	(1,159,465)	(103,852)	-	(1,263,317)
Office building and equipment	(3,335,947)	(446,917)	34,770	(3,748,094)
General plant	(539,424)	(71,194)	-	(610,618)
Transportation equipment	(751,092)	(119,115)	-	(870,207)
Total accumulated depreciation	(41,375,819)	(3,232,422)	50,809	(44,557,432)
Total depreciable assets, net	60,929,932	4,251,720	-	65,181,652
Total capital assets, net	\$ 68,790,300	\$ 9,539,251	\$ (7,581,931)	\$ 70,747,620

NOTE 7 – COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended June 30, 2023, were as follows:

Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year	Due in More Than One Year
\$ 332,690	\$ 335,960	\$ (286,818)	\$ 381,832	\$ 95,458	\$ 286,374

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 8 – BONDS PAYABLE

Water Revenue Refunding Bonds, Series 2022A were issued on September 7, 2021, in the amount of \$36,170,000 to refund \$16,460,000 of outstanding balance on the 2012 Series A Water Revenue Bonds and to refund \$16,395,000 of outstanding balance on the 2014 Series A Water Revenue Refunding Bonds. The prior obligations were issued to finance certain improvements and to finance a purchase contract. The bonds were issued at par. The refunding of the two debts provided the District with a net present value savings of \$3,926,597 and a cash flow savings of \$4,050,571.

These bonds mature in various amounts through December 1, 2042. Interest is payable semiannually on December 1 and June 1 at rates ranging from 0.317% to 2.863%. The installment payments on these bonds are secured by a first priority lien on the net revenues of the District. The following is a summary of the changes in Water Revenue Refunding Bonds, Series 2022A for the year ended June 30, 2023:

Description	Balance	Additions	Deductions	Balance	Current Portion	Long-term Portion
	July 1, 2022			June 30, 2023		
2021A Series Water Revenue Refunding Bonds	<u>\$ 36,170,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,170,000</u>	<u>\$ 1,380,000</u>	<u>\$ 34,790,000</u>

Maturities of the Water Revenue Refunding Bonds, Series 2022A and interest payments subsequent to June 30, 2023, are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 1,380,000	\$ 713,986	\$ 2,093,986
2025	1,735,000	706,784	2,441,784
2026	1,745,000	694,197	2,439,197
2027	1,770,000	677,172	2,447,172
2028	1,785,000	656,599	2,441,599
2029-2033	9,405,000	2,843,789	12,248,789
2034-2038	10,460,000	1,786,809	12,246,809
2039-2043	<u>7,890,000</u>	<u>463,832</u>	<u>8,353,832</u>
Total	36,170,000	<u>\$ 8,543,168</u>	<u>\$ 44,713,168</u>
Current	<u>(1,380,000)</u>		
Long-term	<u>\$ 34,790,000</u>		

The following is a summary of the changes in deferred amounts related to refunding for the year ended June 30, 2023:

Description	Balance	Additions	Deductions	Balance
	July 1, 2022			June 30, 2023
Deferred amounts related to refunding	<u>\$ 3,300,000</u>	<u>\$ -</u>	<u>\$ (165,000)</u>	<u>\$ 3,135,000</u>

The District will amortize this amount at \$165,000 per year until the fiscal year ended June 30, 2043.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2023
OPEB related deferred outflows	\$ 1,147,714
Net other post-employment benefits obligation(asset)	119,265
OPEB related deferred inflows	1,232,135

A. General Information about the OPEB Plan

Plan Description

The District has an agent multiple-employer other post-employment benefit plan that provides medical, dental, and vision coverage to 27 active employees, 10 retired employees, and 7 covered dependents of retirees through the ACWA health program as of the measurement date, June 30, 2022. At retirement, the District provides a contribution for the continuation of these coverage's for eligible retirees. Eligibility for a District contribution requires retirement from the District and under CalPERS on or after age 50 with at least 15 years of continuous service. The District provides 100% of the cost of coverage for the retiree and any covered spouse. Employees hired on or after July 1, 2012, are eligible for a District contribution if retiring from the District and under CalPERS on or after age 62 with at least 15 years of continuous District service. The District provides 100% of the cost of coverage for the retiree only and covered spouse.

An employee may also be eligible for retiree medical, dental, and vision benefits if, at the time of retirement from the District, the employee has at least twenty-five (25) years of service in the water utility industry, has been employed by the District for a minimum continuous period of five (5) years, and has attained a minimum age of fifty (50) years. For purposes of this benefit, "retirement from the District" means the employee's effective retirement date is within 120 days of separation from employment with the District and the employee receive either a service or disability retirement allowance from CalPERS resulting from his or her service to the District.

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and/or the District's Board of Directors. Currently, contributions are not required from plan members. The District has been typically funding this OPEB plan on a pay-as-you-go basis; however, recently contributions have been made to an OPEB Trust.

Contributions

Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the District. For fiscal year ended June 30, 2022, the measurement period, the District's contributions totaling \$432,067 including 222,894 in current year premium payments, and an implied subsidy of \$209,173.

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2023

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

A. General Information about the OPEB Plan (continued)

Accounting for the Plan

The other post-employment benefit trust is prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments

Investments are reported in the accompanying financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measure date. Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian with the assistance of a valuation service.

B. Net OPEB Liability

The District's total OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2022. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry age normal, level percentage of payroll
Asset Valuation Method	Market value of assets as of the measurement date
Actuarial Assumptions:	
Discount Rate	
Long-Term Expected	
Rate of Return on Investments	6.50%
Inflation	2.26%
Payroll increases	3.25%
Healthcare Trend Rates	Pre-65 - 6.95% trending down annually to 5.0% by 2029 and later Post-65 - 5% trending down annually to 5.0% by 2029 and later
Morbidity	CalPERS 2017 Study
Mortality	CalPERS 2017 Study
Disability	Not valued
Retirement	2017 CalPERS Public Agency Miscellaneous experience study; 2.5% @ 55 and 2% @ 62
Percent Married	80% of future retirees would enroll a spouse

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2023

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

B. Net OPEB Liability (continued)

Actuarial Assumptions (continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
PARS moderate investment policy:		
Equity	48.25%	5.65%
Fixed income	45.00%	1.39%
REITs	1.75%	5.06%
Cash	5.00%	0.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in the Net OPEB Liability

The changes in the total OPEB liability are as follows:

	<u>Increase (Decrease)</u>		
	<u>Total</u>	<u>Plan Fiduciary</u>	<u>Net</u>
	<u>OPEB Liability</u>	<u>Net Position</u>	<u>OPEB Liability</u>
Balance at July 1, 2022 (Measurement date July 1, 2021)	\$ 6,532,532	\$ 7,491,156	\$ (958,624)
Changes for the year:			
Service cost	105,279	-	105,279
Interest	417,637	-	417,637
Differences in experience	(3,185)	-	(3,185)
Changes in assumption	-	-	-
Employer contributions	-	432,067	(432,067)
Net investment income	-	(990,225)	990,225
Benefit payments	(432,067)	(432,067)	-
Net changes	87,664	(990,225)	1,077,889
Balance at June 30, 2023 (Measurement date June 30, 2022)	\$ 6,620,196	\$ 6,500,931	\$ 119,265

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2023

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

C. Changes in the Net OPEB Liability (continued)

Changes of Assumptions

In fiscal year 2021-22, the measurement period, there were no changes to the actuarial assumptions.

Change of Benefit Terms

In fiscal year 2021-22, the measurement period, there were no changes to the actuarial assumptions.

Subsequent Events

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

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current discount rate:

	1% Decrease 5.5%	Discount Rate 6.5%	1% Increase 7.5%
Net OPEB Liability	<u>\$ 988,519</u>	<u>\$ 119,265</u>	<u>\$ (595,407)</u>

Sensitivity of the Total OPEB Liability to Changes in Medical Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower:

	Healthcare Cost		
	7.0% Decreasing to 4.0%	8.0% Decreasing to 5.0%	9.0% Decreasing to 6.0%
Net OPEB Liability	<u>\$ (655,704)</u>	<u>\$ 119,265</u>	<u>\$ 1,082,732</u>

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

For the year ended June 30, 2023, the District recognized OPEB expense/(credit) of (\$50,694). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions made after the measurement date	\$ 375,809	\$ -
Changes in assumptions	-	(489,293)
Differences between expected and actual experience	42,306	(742,842)
Differences between projected and actual earnings on OPEB plan investments	729,599	-
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 1,147,714</u>	<u>\$ (1,232,135)</u>

ROWLAND WATER DISTRICT*Notes to Financial Statements**June 30, 2023*

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (continued)**

The differences between projected and actual earnings on plan investments is amortized over five years. The District reported \$375,809 as deferred inflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Amortization Period	Deferred
Fiscal Year Ended June 30	Outflows/(Inflows)
	of Resources
2024	\$ (87,436)
2025	(84,115)
2026	(109,261)
2027	111,889
2028	(109,602)
Thereafter	<u>(181,705)</u>
Total	<u>\$ (460,230)</u>

At June 30, 2023, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2023.

NOTE 11 – PENSION PLAN**Summary**

The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2023
Pension related deferred outflows	\$ 4,936,428
Net pension liability	4,209,131
Pension related deferred inflows	2,346,298

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2023

NOTE 10 – PENSION PLAN (continued)

A. General Information about the Pension Plan

The Plan

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to <u>January 1, 2013</u>	On or after <u>January 1, 2013</u>
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.0%
Required member contribution rates	8.000%	6.750%
Required employer contribution rates – FY 2022	12.200%	7.590%

Plan Description

The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2022 Annual Actuarial Valuation Reports. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

At June 30, 2022 measurement date, the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	13	10	23
Transferred and terminated members	14	8	22
Retired members and beneficiaries	23	-	23
Total plan members	50	18	68

All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by state statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

ROWLAND WATER DISTRICT*Notes to Financial Statements**June 30, 2023***NOTE 10 – PENSION PLAN (continued)****A. General Information about the Pension Plan (continued)****Benefits Provided**

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Contributions for the year ended June 30, 2023, were as follows:

Contribution Type	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Contributions – employer	\$ 2,010,919	\$ 84,154	\$ 2,095,073

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions**Proportionate Share of Net Pension Liability and Pension Expense**

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2022, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The following table shows the District's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2023:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2023	Fiscal Year Ending June 30, 2022	
Measurement Date	June 30, 2022	June 30, 2021	
Percentage of Risk Pool Net Pension Liability	0.089954%	0.162546%	-0.072592%
Percentage of Plan Net Pension Liability	0.036440%	0.057069%	-0.020629%

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2023

NOTE 10 – PENSION PLAN (continued)

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

Proportionate Share of Net Pension Liability and Pension Expense (continued)

The District's proportionate share percentage of the net pension liability for the June 30, 2022, measurement date was as follows:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2021 (Measurement Date)	\$ 22,346,370	\$ 19,259,940	\$ 3,086,430
Balance as of June 30, 2022 (Measurement Date)	\$ 23,423,289	\$ 19,214,158	\$ 4,209,131
Change in Plan Net Pension Liability	<u>\$ 1,076,919</u>	<u>\$ (45,782)</u>	<u>\$ 1,122,701</u>

For the year ended June 30, 2022, the District recognized pension expense of \$1,293,889. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 2,095,073	\$ -
Difference between actual and proportionate share of employer contributions	1,515,047	(77,320)
Adjustment due to differences in proportions	39,466	(2,212,365)
Differences between expected and actual experience	84,528	(56,613)
Differences between projected and actual earnings on pension plan investments	771,001	-
Changes in assumptions	431,313	-
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 4,936,428</u>	<u>\$ (2,346,298)</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is 3.8 years.

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2023

NOTE 10 – PENSION PLAN (continued)

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

Proportionate Share of Net Pension Liability and Pension Expense (continued)

An amount of \$2,095,073 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2024	\$ 42,255
2025	5,346
2026	(24,115)
2027	471,571
Total	\$ 495,057

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021, total pension liability. The June 30, 2022, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 10 – PENSION PLAN (continued)

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

Long-term Expected Rate of Return (continued)

The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class.

Investment Type ¹	New Strategic Allocation	Real Return ^{1,2}
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
	<u>100.0%</u>	

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

Discount Rate

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

Subsequent Events

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

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

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

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1%	Current Discount Rate 6.90%	Discount Rate + 1%
	5.90%	Rate 6.90%	7.90%
CalPERS – Miscellaneous Plan	\$ 6,036,841	\$ 3,086,430	\$ 647,367

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 10 – PENSION PLAN (continued)

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

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

C. Payable to the Pension Plans

At June 30, 2022, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2023.

NOTE 11 – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consisted of the following as of June 30, 2023:

Description	June 30, 2023	June 30, 2022
Net investment in capital assets:		
Capital assets – not being depreciated	\$ 5,565,968	7,860,368
Capital assets, net – being depreciated	65,181,652	60,929,930
Deferred amounts related to refunding of debt	3,135,000	3,300,000
Bonds payable – current portion	(1,380,000)	-
Bonds payable – non-current portion	<u>(34,790,000)</u>	<u>(36,170,000)</u>
Total net investment in capital assets	<u>\$ 37,712,620</u>	<u>\$ 35,920,298</u>

NOTE 12 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in two 457 Deferred Compensation Programs (Programs). The purpose of these Programs is to provide deferred compensation for public employees that elect to participate in the Programs. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

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

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 13 – RISK MANAGEMENT POOL

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Further information about the Insurance Authority is as follows:

A. Entity	ACWA-JPIA
B. Purpose	To pool member contributions and realize the advantages of self-insurance
C. Participants	As of September 30, 2022 – 396 member districts
D. Governing board	Nine representatives employed by members
E. Condensed financial information	September 30, 2022
Audit dated	February 7, 2023
Statement of financial position:	Sept 30, 2022
Total assets	<u>\$ 246,615,214</u>
Deferred outflows	<u>6,108,562</u>
Total liabilities	<u>137,126,606</u>
Deferred inflows	<u>2,813,249</u>
Net position	<u><u>\$ 112,783,921</u></u>
Statement of revenues, expenses and changes in net position:	
Total revenues	\$ 175,619,417
Total expenses	<u>(212,646,028)</u>
Change in net position	(37,026,611)
Beginning – net position	<u>149,810,532</u>
Ending – net position	<u><u>\$ 112,783,921</u></u>
F. Member agencies share of year-end financial position	Not Calculated

The District participated in the self-insurance programs of the Insurance Authority as follows:

Property Loss - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage up to \$500,000,000 (total insurable value of \$48,405,017). The District has a \$2,500 deductible for buildings, personal property and fixed equipment, a \$25,000/\$50,000 deductible for accidental mechanical breakdown, a \$1,000 deductible for mobile equipment, and a \$500 deductible for licensed vehicles.

General Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to of \$60,000,000. This program does not have a deductible.

Auto Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000. This program does not have a deductible.
Public Officials' Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 13 – RISK MANAGEMENT POOL (continued)

Cyber Liability - The Insurance Authority has purchased insurance coverage of \$3,000,000 per occurrence/\$5,000,000 aggregate. This program does not have a deductible.

Crime - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence. The District has a \$1,000 deductible.

Public Official Bond - The District has purchased a \$200,000 bond to cover the general manager's faithful performance of duty.

Workers' Compensation - The Insurance Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased up to the statutory limit for workers' compensation coverage. The Insurance Authority is self-insurance up to \$2,000,000 and has purchased excess insurance coverage of \$2,000,000 for employer's liability coverage.

Underground Storage Tank Pollution Liability - The Insurance Authority is self-insured up to \$500,000 per occurrence and has purchased excess coverage of \$3,000,000. The District has a \$10,000 deductible.

The District pays annual premiums for these coverages. They are subject to retrospective adjustments based on claims expended. The nature and amount of these adjustments cannot be estimated and are charged to expenses as invoiced. There were no instances in the past three years where a settlement exceeded the District's coverage.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending 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 were no IBNR claims payable as of June 30, 2023, 2022, and 2021.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Litigation

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

NOTE 15 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through December 15, 2023, the date which the financial statements were available to be issued.

Required Supplementary Information

ROWLAND WATER DISTRICT*Schedule of the District's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2023***Last Ten Fiscal Years*****California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2014	0.03764%	\$ 2,341,881	\$ 2,046,157	114.45%	83.35%
June 30, 2015	0.04441%	3,309,528	2,161,937	153.08%	78.38%
June 30, 2016	0.04547%	3,934,518	2,099,673	187.39%	75.20%
June 30, 2017	0.04646%	4,607,714	2,167,973	212.54%	74.47%
June 30, 2018	0.04698%	4,527,220	2,279,335	198.62%	75.80%
June 30, 2019	0.04831%	4,950,633	2,353,585	210.34%	74.70%
June 30, 2020	0.04936%	5,370,506	2,587,427	207.56%	74.08%
June 30, 2021	0.05707%	3,086,430	2,715,233	113.67%	86.19%
June 30, 2022	0.03644%	4,209,131	2,572,145	163.64%	82.03%

Notes to Schedule:**Benefit Changes:**

There were no changes in benefits.

Changes in Assumptions:**From fiscal year June 30, 2015 and June 30, 2016:**

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

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

There were no changes in assumptions.

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

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

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

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no significant changes in assumptions.

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

There were no significant changes in assumptions.

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

The discount rate was reduced from 7.15% to 6.90%.

*Fiscal year 2014 was the first measurement date year of implementation; therefore, only nine years are shown.

ROWLAND WATER DISTRICT*Schedule of the District's Contributions to the Defined Benefit Pension Plan
For the Year Ended June 30, 2023***Last Ten Fiscal Years*****California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	\$ 334,790	\$ (334,790)	\$ -	\$ 2,161,937	15.49%
June 30, 2016	337,455	(337,455)	-	2,099,673	16.07%
June 30, 2017	371,209	(371,209)	-	2,167,973	17.12%
June 30, 2018	414,273	(414,273)	-	2,279,335	18.18%
June 30, 2019	483,791	(483,791)	-	2,353,585	20.56%
June 30, 2020	570,560	(570,560)	-	2,587,427	22.05%
June 30, 2021	642,042	(642,042)	-	2,715,233	23.65%
June 30, 2022	710,829	(3,072,829)	(2,362,000)	2,572,145	119.47%
June 30, 2023	657,138	(2,095,073)	(1,437,935)	3,094,346	67.71%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
June 30, 2015	June 30, 2013	Entry Age	Market Value	2.75%	7.65%
June 30, 2016	June 30, 2014	Entry Age	Market Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Market Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Market Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Market Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Market Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Market Value	2.50%	7.15%
June 30, 2022	June 30, 2020	Entry Age	Market Value	2.50%	7.15%
June 30, 2023	June 30, 2021	Entry Age	Market Value	2.30%	6.90%

Amortization Method

Level percentage of payroll, closed

Salary Increases

Depending on age, service, and type of employment

Investment Rate of Return

Net of pension plan investment expense, including inflation

Retirement Age

50 years (2%@55 and 2%@60), 52 years (2%@62)

Mortality

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

*Fiscal year 2015 was the first measurement date year of implementation; therefore, only nine years are shown.

ROWLAND WATER DISTRICT

Schedule of Changes in the District's Net OPEB Liability and Related Ratios For the Year Ended June 30, 2023

Fiscal Year Ended Measurement Date	Last Ten Fiscal Years*					
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB liability:						
Service cost	\$ 105,279	\$ 152,983	\$ 145,698	\$ 124,022	\$ 99,230	\$ 121,597
Interest	417,637	442,272	417,667	427,189	394,763	450,304
Changes of assumptions	-	(168,050)	-	(262,190)	-	(526,713)
Differences between expected and actual experience	(3,185)	(410,394)	51,531	(253,977)	11,333	(710,721)
Changes of benefit terms	-	-	-	-	151,163	-
Benefit payments	(432,067)	(266,776)	(221,224)	(185,776)	(179,152)	(154,372)
Net change in total OPEB liability	87,664	(249,965)	393,672	(150,732)	477,337	(819,905)
Total OPEB liability - beginning	6,532,532	6,782,497	6,388,825	6,539,557	6,062,220	6,882,125
Total OPEB liability - ending	6,620,196	6,532,532	6,782,497	6,388,825	6,539,557	6,062,220
Plan fiduciary net position:						
Contributions - employer	432,067	1,686,776	641,224	605,776	599,152	574,372
Net investment income	(990,225)	1,194,246	166,568	264,426	203,849	261,561
Administrative expense	-	-	-	-	(10,222)	(850)
Benefit payments	(432,067)	(266,776)	(221,224)	(185,776)	(179,152)	(154,372)
Net change in plan fiduciary net position	(990,225)	2,614,246	586,568	684,426	613,627	680,711
Plan fiduciary net position - beginning	7,491,156	4,876,910	4,290,342	3,605,916	2,992,289	2,311,578
Plan fiduciary net position - ending	6,500,931	7,491,156	4,876,910	4,290,342	3,605,916	2,992,289
District's net OPEB liability	\$ 119,265	\$ (958,624)	\$ 1,905,587	\$ 2,098,483	\$ 2,933,641	\$ 3,069,931
Plan fiduciary net position as a percentage of the total OPEB liability	98.20%	114.67%	71.90%	67.15%	55.14%	49.36%
Covered-employee payroll	\$ 3,301,898	\$ 3,095,166	\$ 2,856,168	\$ 2,728,686	\$ 2,285,510	\$ 2,174,023
District's net OPEB liability as a percentage of covered-employee payroll	3.61%	-30.97%	66.72%	76.90%	128.36%	141.21%

Notes to Schedule:

Benefit Changes:

Measurement Date June 30, 2017 – There were no changes in benefits
Measurement Date June 30, 2018 – Coverage expanded to spouses for future retirees hired on or after July 1, 2009 if they have 25 years of service, effective fiscal year ending June 30, 2018
Measurement Date June 30, 2019 – There were no changes in benefits
Measurement Date June 30, 2020 – There were no changes in benefits
Measurement Date June 30, 2021 – There were no changes in benefits
Measurement Date June 30, 2022 – There were no changes in benefits

Changes in Assumptions:

Measurement Date June 30, 2017 – Average per capita claims cost was updated to reflect actual 2017 premiums, health care cost trend rate was updated to reflect 2018 industry survey data, and mortality table was updated to reflect most recent CalPERS studies.
Measurement Date June 30, 2018 – There were no changes in benefits
Measurement Date June 30, 2019 – Census data from the plans participants was updated, which decreased the total OPEB liability by \$262,190.
Measurement Date June 30, 2020 – There were no changes in benefits
Measurement Date June 30, 2021 – There were no changes in benefits
Measurement Date June 30, 2022 – There were no changes in benefits

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

ROWLAND WATER DISTRICT

Schedule of Contributions – Other Post-Employment Benefits (OPEB) Plan For the Year Ended June 30, 2023

Fiscal Year Ended	Last Ten Fiscal Years*					
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially determined contribution	\$ 393,663	\$ 296,665	\$ 308,417	\$ 354,481	\$ 343,260	\$ 343,260
Contributions in relation to the actuarially determined contributions	(375,809)	(1,686,776)	(641,224)	(605,776)	(599,152)	(599,152)
Contribution deficiency (excess)	\$ 17,854	\$ (1,390,111)	\$ (332,807)	\$ (251,295)	\$ (255,892)	\$ (255,892)
Covered payroll	\$ 3,301,898	\$ 3,095,166	\$ 2,856,168	\$ 2,728,686	\$ 2,285,510	\$ 2,174,023
Contributions as a percentage of covered payroll	11.38%	54.50%	22.45%	22.20%	26.22%	27.56%

Notes to Schedule:

Valuation Date	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
Methods and Assumptions Used to Determine Contribution Rates:						
Actuarial cost method Entry age normal	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method Closed period, level percent of pay	(1)	(1)	(1)	(1)	(1)	(1)
Amortization period	20-years	20-years	20-years	20-years	20-years	20-years
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Discount rate	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
Inflation	2.26%	2.26%	2.26%	2.26%	2.26%	2.26%
Payroll increases	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Mortality	(2)	(2)	(2)	(2)	(2)	(2)
Morbidity	(3)	(3)	(3)	(3)	(3)	(3)
Disability	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued
Retirement	(4)	(4)	(4)	(4)	(4)	(4)
Percent Married	80%	80%	80%	80%	80%	80%
Healthcare trend rates	(5)	(5)	(5)	(5)	(5)	(5)

(1) Closed period, level percent of pay

(2) CalPERS 2014 Study

(3) CalPERS 2013 Study

(4) CalPERS Public Agency Miscellaneous 2.5% @55 and 2% @62

(5) Pre-65 - 8.00% trending down 0.25% annually to 5.00% in 2031 and later
Post-65 - 5.50% trending down 0.25% annually to 5.00% in 2021 and later

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

Supplementary Information

ROWLAND WATER DISTRICT*Schedule of Other Operating Expenses**For the Year Ended June 30, 2023 (With Comparative Amounts as of June 30, 2022)*

	<u>2023</u>	<u>2022</u>
Other Operating Expenses:		
Certification, fees and permits	\$ 151,449	\$ 104,310
Engineering	253,805	271,696
Maintenance and operations	67,723	64,807
Small tools and supplies	44,406	45,252
Water tests	<u>27,577</u>	<u>27,210</u>
Total Other Operating Expenses	<u><u>\$ 544,960</u></u>	<u><u>\$ 513,275</u></u>

ROWLAND WATER DISTRICT*Schedule of General and Administrative Expenses**For the Year Ended June 30, 2023 (With Comparative Amounts as of June 30, 2022)*

	<u>2023</u>	<u>2022</u>
General and Administrative Expenses:		
Salaries and wages	\$ 1,533,509	\$ 1,438,795
Payroll taxes	237,782	227,177
Employee benefits	658,953	609,805
OPEB expenses	(231,818)	(362,575)
Pension expenses	1,469,987	1,372,972
Director's fees and expenses	154,659	156,700
Bank service charges	198,600	174,141
Community outreach	125,054	255,445
Conferences, training and travel	167,328	143,167
Conservation rebate program	101,615	37,865
Information technology	476,192	387,085
Insurance – liability and workers' compensation	227,222	187,529
Membership fees and dues	51,914	47,346
Miscellaneous	157,053	127,649
Office supplies	28,780	41,467
Professional services	194,808	129,245
Repairs and maintenance	40,393	35,130
Service contracts	376,316	410,111
Taxes, permits and fees	13,754	12,893
Uncollectable accounts	(13,326)	(67,516)
Utilities	127,364	115,444
Vehicle expenses	<u>135,932</u>	<u>120,658</u>
Total General and Administrative Expenses	<u><u>\$ 6,232,071</u></u>	<u><u>\$ 5,600,533</u></u>

Other Independent Auditors' Reports



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

Board of Directors
Rowland Water District
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 Rowland Water District (District), which comprise the balance sheet as of June 30, 2022, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Murrieta, California
December 15, 2023



December 2023-DIRECTOR REIMBURSEMENTS

Director	Date of Meeting/Event	Meeting/Event Attended	Reimbursement	No Charge	Additional Comments (Submit expense report if claiming mileage and/or meal reimbursement)
Anthony J. Lima					
	12/7/2023	PBWA	\$230.00		Mileage
	12/7/2023	PWR Joint Water Line		X	
	12/19/2023	RWD Special Board Meeting	\$230.00		
	12/20/2023	TVMWD Board Meeting	\$230.00		Mileage
		TOTAL PAYMENT	\$690.00		
John Bellah					
	12/7/2023	PWR Joint Water Line	\$230.00		Mileage
	12/8/2023	RWD 101		X	
	12/11/2023	RHCCC	\$230.00		
	12/12/2023	RWD Board Meeting	\$230.00		
	12/19/2023	RWD Special Board Meeting	\$230.00		
	12/20/2023	TVMWD Board Meeting	\$230.00		Mileage
		TOTAL PAYMENT	\$1,150.00		
Robert W. Lewis					
	12/7/2023	PBWA	\$230.00		
	12/12/2023	RWD Board Meeting	\$230.00		
	12/19/2023	RWD Special Board Meeting	\$230.00		
		TOTAL PAYMENT	\$690.00		
Szu Pei Lu-Yang					
	12/12/2023	RWD Board Meeting	\$230.00		
	12/19/2023	RWD Special Board Meeting	\$230.00		
		TOTAL PAYMENT	\$460.00		
Vanessa Hsu					
		TOTAL PAYMENT	\$0.00		

APPROVED FOR PAYMENT:


 Dusty Moisio for Tom Coleman

PURCHASE & SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

**CITY OF INDUSTRY,
A municipal corporation
“Seller”**

and

**ROWLAND WATER DISTRICT,
a California public water agency
“Purchaser”**

January __, 2024

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PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS BETWEEN THE CITY OF INDUSTRY AND ROWLAND WATER DISTRICT

THIS PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (this “**Agreement**”) dated as of December __, 2023, (the “**Effective Date**”) is entered into by and between the **CITY OF INDUSTRY**, a California municipal corporation (the “**City**” or “**Seller**”), and **ROWLAND WATER DISTRICT**, a California public water agency (the “**Purchaser**” or the “**District**”). The Seller and the Purchaser are hereinafter sometimes individually referred to as the a “**party**” and collectively referred to as the “**parties**”.

RECITALS

This Agreement is entered into with reference to the following facts:

A. Seller owns the fee interest in that certain real property located at 804 South Azusa Avenue, in the City of Industry, County of Los Angeles, State of California, which is approximately 5,580 square feet, as described in the legal description attached as Exhibit “A” and incorporated herein by this reference (such real property is referred to herein as the “**Property**”) (the Property shall be established and recorded by the City pursuant to the Subdivision Map Act, Government Code Section 66426.5) together with the buildings, fixtures and appurtenant improvements thereon, for the purposes of constructing Improvements (as such term is defined in Section 1.1.18) thereon (such Improvements are referred to herein as the “**Project**”).

B. The sale of the Property is in the best interests of the City, and the health, safety and welfare of the residents and taxpayers of the City and, pursuant to Government Code Section 54221(f)(1)(D), this sale is exempt from the requirements of the Surplus Land Act, Government Code Section 54220, *et seq.*

NOW, THEREFORE, in reliance upon the foregoing Recitals, in consideration of the mutual covenants of this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1 DEFINITIONS

1.1 **Definitions.** The following terms as used in this Agreement shall have the meanings given unless expressly provided to the contrary:

1.1.1 Seller or City means the City of Industry, a California municipal corporation, exercising governmental functions and powers, and organized and existing under the laws of the State of California. The principal office of the City is located at 15625 East Stafford Street, Suite 100, City of Industry, California 91744.

1.1.2 Agreement means this Purchase and Sale Agreement and Joint Escrow

Instructions.

1.1.3 Breach Notice is defined in Section 5.7.

1.1.4 Close of Escrow and Closing are defined in Section 2.3.2.

1.1.5 Default is defined in Article 4.

1.1.6 Deposited is defined in Section 2.2.1.

1.1.7 Due Diligence Period is defined in Section 2.7.

1.1.8 Purchaser means Rowland Water District, a California public water agency.

The principal office of the Purchaser for purposes of this Agreement is 3021 Fullerton Road, Rowland Heights, CA 91748.

1.1.9 Escrow is defined in Section 2.3.1.

1.1.10 Escrow Holder means First American Title Company. The principal office of the Escrow Holder for purposes of this Agreement is 18500 Von Karman Ave, Suite 600, Irvine, California 92612, Attention: Maureen Collier, Senior Commercial Escrow Officer, Telephone: (949) 299-4962, Email: mcollier@firstam.com.

1.1.11 Grant Deed is defined in Section 2.5.2.

1.1.12 Hazardous Materials means any chemical, material or substance now or hereafter defined as or included in the definition "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," "toxic substances," "pollutant or contaminant," "imminently hazardous chemical substance or mixture," "hazardous air pollutant," "toxic pollutant," or words of similar import under any local, state or federal law or under the regulations adopted or publications promulgated pursuant thereto applicable to the Property, including, without limitation: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, et seq. ("**CERCLA**"); the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 1801, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, et seq.; and the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901, et seq. The term "**Hazardous Materials**" shall also include any of the following: any and all toxic or hazardous substances, materials or wastes listed in the United States Department of Transportation Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302) and in any and all amendments thereto in effect as of the date of the close of any escrow; oil, petroleum, petroleum products (including, without limitation, crude oil or any fraction thereof), natural gas, natural gas liquids, liquefied natural gas or synthetic gas usable for fuel, not otherwise designated as a hazardous substance under CERCLA; any substance which is toxic, explosive, corrosive, reactive, flammable, infectious or radioactive (including any source, special nuclear or by-product material as defined at 42 U.S.C. § 2012, et seq.), carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority; asbestos in any form; urea formaldehyde foam insulation; transformers or other equipment which contain dielectric fluid containing levels of polychlorinated

biphenyls; radon gas; or any other chemical, material or substance (i) which poses a hazard to the Property, to adjacent properties, or to persons on or about the Property, (ii) which causes the Property to be in violation of any of the aforementioned laws or regulations, or (iii) the presence of which on or in the Property requires investigation, reporting or remediation under any such laws or regulations.

1.1.13 Holder is defined in Section 4.2.2.

1.1.14 Improvements means the improvements described in Section 3.1.1.

1.1.15 Outside Date is defined in Section 2.3.2.

1.1.16 Pro Forma Policy is defined in Section 2.5.1.

1.1.17 Property is defined in Recital A.

1.1.18 Project is defined in Recital A.

1.1.19 Purchase Price is defined in Section 2.1.

1.1.20 Released Parties is defined in Section 2.7.

1.1.21 Title Company is defined in Section 2.5.3.

1.1.22 Title Policy is defined in Section 2.5.3.

1.1.23 Transaction Costs means all costs incurred by either party in entering into this transaction and closing Escrow, including but not limited to escrow fees and costs, attorney's fees, staff time, appraisal costs, and costs of financial advisors and other consultants.

ARTICLE 2

PURCHASE AND SALE OF THE PROPERTY

2.1 Purchase and Sale. The Seller agrees to sell the Property to the Purchaser, and the Purchaser agrees to purchase the Property from the Seller, for the sum of Two Hundred Twelve Thousand and Forty and 00/100 Dollars (\$212,040.00) (the "**Purchase Price**").

2.2 Payment of Purchase Price. The Purchase Price shall be payable by Purchaser as follows:

2.2.1 Deposit. Upon the Opening of Escrow, Purchaser shall deposit with Escrow Holder the sum of Twenty-One Thousand Two Hundred and Four and 00/100 Dollars (\$21,204.00), in the form of certified or bank cashier's checks made payable to Escrow Holder or by confirmed wire transfers of funds (collectively, the "**Deposit**"). The Deposit shall be invested by Escrow Holder in an interest-bearing account acceptable to Purchaser and Seller with all interest accruing thereon to be credited to the Purchase Price upon the Close of Escrow. Except as otherwise provided herein, the Deposit shall be applicable in

full towards the Purchase Price upon the expiration of the Due Diligence Period, as forth in Section 2.7, below.

2.2.2 Closing Funds. Prior to the Close of Escrow, Purchaser shall deposit or cause to be deposited with Escrow Holder, by a certified or bank cashier's check made payable to Escrow Holder or by a confirmed federal wire transfer of funds, the balance of the Purchase Price, plus an amount equal to all other costs, expense and prorations payable by Purchaser hereunder.

2.3 Escrow.

2.3.1 Opening of Escrow. Within five (5) business days after the parties' full execution of this Agreement (the "**Opening of Escrow**"), the Purchaser and the Seller shall open an escrow (the "**Escrow**") with the Escrow Holder for the transfer of the Property to the Purchaser. The parties shall deposit with the Escrow Holder a fully executed duplicate original of this Agreement, which shall serve as the escrow instructions (which may be supplemented in writing by mutual agreement of the parties) for the Escrow. The Escrow Holder is authorized to act under this Agreement, and to carry out its duties as the Escrow Holder hereunder.

2.3.2 Close of Escrow. "**Close of Escrow**" or "**Closing**" means the date Escrow Holder causes the Grant Deed (as hereinafter defined) to be recorded in the Official Records of the County of Los Angeles and delivers the Purchase Price (less any costs, expenses and prorations payable by the Seller) to the Seller. Possession of the Property shall be delivered to the Purchaser on the Close of Escrow. Subject to the terms of this Agreement, Close of Escrow shall occur on a date mutually agreed upon by the parties, but in any event within 18 months following the Opening of Escrow (the "**Outside Date**"); provided, however, the Outside Date may be extended upon written consent of the Purchaser and the City Manager of the City, which consent may be given or withheld in the exercise of their sole discretion. If the Closing does not occur on or before the Outside Date due to a default by either party, then the defaulting party shall pay all Escrow cancellation fees (and if the defaulting party is the Purchaser, then the City shall be entitled to the Deposit under Section 6.3.1). If the Closing does not occur due to a termination by Purchaser under Section 2.7, then Purchaser shall pay all Escrow cancellation fees, and the Deposit shall be refunded and disbursed by Escrow Holder to Purchase to the Seller.

2.3.3 Delivery and Closing Documents.

(a) The Seller and Purchaser agree to deliver to Escrow Holder, at least two (2) days prior to the Close of Escrow, the following instruments and documents, the delivery of each of which shall be a condition precedent to the Close of Escrow.

(i) The Grant Deed, duly executed and acknowledged by the Seller, conveying a fee simple interest in the Property to Purchaser;

(ii) The Seller's affidavit as contemplated by California Revenue and Taxation Code Section 18662;

(iii) A Certification of Non-Foreign Status signed by Seller in accordance with Internal Revenue Code Section 1445; and

(iv) Such proof of the Seller's and Purchaser's authority and authorization to enter into this transaction as the Title Company may reasonably require in order to issue the Title Policy.

The Seller and the Purchaser further agree to execute such reasonable and customary additional documents, and such additional escrow instructions, as may be reasonably required to close the transaction which is the subject of this Agreement pursuant to the terms hereof.

2.4 Conditions to Close of Escrow. The obligations of the Seller and Purchaser to close the transaction which is the subject of this Agreement shall be subject to the satisfaction, or waiver in writing by the party benefited thereby, of each of the following conditions:

2.4.1 For the benefit of the Seller, the Purchaser shall have deposited the balance of the Purchase Price, together with such funds as are necessary to pay for costs, expenses and prorations payable by Purchaser hereunder (including the Seller's appraisal costs).

2.4.2 For the benefit of the Seller, all actions and deliveries to be undertaken or made by Purchaser on or prior to the Close of Escrow, as reasonably determined by the Seller.

2.4.3 For the benefit of the Purchaser, all actions and deliveries to be undertaken or made by the Seller on or prior to the Close of Escrow shall have occurred, as reasonably determined by the Purchaser.

2.4.4 For the benefit of the Seller, the Purchaser shall have executed and delivered to Escrow Holder all documents and funds required to be delivered to Escrow Holder under the terms of this Agreement and Purchaser shall otherwise have satisfactorily complied with its obligations hereunder.

2.4.5 For the benefit of the Purchaser, the Seller shall have executed and delivered to Escrow Holder all documents and funds required to be delivered to Escrow Holder under the terms of this Agreement and the Seller shall otherwise have satisfactorily complied with its obligations hereunder.

2.4.6 For the benefit of the Seller, the representations and warranties of the Purchaser contained in this Agreement shall be true and correct in all material respects as of the Close of Escrow.

2.4.7 For the benefit of the Purchaser, the representations and warranties of the Seller contained in this Agreement shall be true and correct in all material respects as of the Close of Escrow.

2.4.8 For the benefit of the Purchaser, Title Company shall be irrevocably committed to issuing in favor of the Purchaser the Title Policy, in form and substance, and with endorsements reasonably acceptable to the Purchaser, as provided in Section 2.5.3.

2.4.9 For the benefit of Purchaser, Purchaser shall have satisfied itself with regard to due diligence and title review.

If all the foregoing conditions have not been met to the benefitted party's sole satisfaction or expressly waived in writing by the benefitted party on or before the respective dates set forth therein, or if no date is set forth therein on the Outside Date, then this Agreement shall, at the option of the benefitted party, become null and void, in which event, except as expressly set forth in this Agreement, neither party shall have any further rights, duties or obligations hereunder.

2.5 Condition of Title; Title Insurance.

2.5.1 Purchaser acknowledges receipt of a pro forma title insurance policy issued by the Title Company ("**Pro Forma Policy**"). Purchaser shall acquire the Property subject to all exceptions described in the Pro Forma Policy ("**Approved Exceptions**"). At the Closing, Seller shall deliver title to the Property to Purchaser subject only to the Approved Exceptions.

2.5.2 At the Close of Escrow, the Purchaser shall receive title to the Property by grant deed substantially in the form attached hereto as Exhibit "B" and incorporated herein by this reference (the "**Grant Deed**").

2.5.3 At Closing, the Purchaser shall receive an ALTA owner's standard coverage policy of Title Insurance in the form of the Pro Forma Policy (the "**Title Policy**"), issued by First American Title Insurance Company ("**Title Company**") in the amount of the Purchase Price, insuring title to the Property in the name of Purchaser, subject only to the Approved Exceptions. The Purchaser may obtain an ALTA extended coverage policy of title insurance at its own costs.

2.6 Escrow and Title Changes; Prorations.

2.6.1 The Seller shall pay all documentary transfer taxes and the ALTA Owner's standard coverage policy premiums for the Title Policy. Purchaser shall pay the costs of any ALTA extended title insurance premiums for any coverage over and above the Title Policy to be paid by the Seller. In addition, the Purchaser and the Seller shall each pay one-half of any and all other usual and customary costs, expense and charges relating to the escrow and conveyance of title to the Property, including without limitation, recording fees, document preparation charges and escrow fees. Each party shall be responsible for its own Transaction Costs, with the exception of the Disposition Costs set forth in Section 2.1.

2.6.2 All non-delinquent and current installments of real estate and personal property taxes and any other governmental charges, regular assessments, or impositions against the Property on the basis of the current fiscal year or calendar year shall be prorated as of the Close of Escrow based on the actual current tax bill. If the Close of Escrow shall occur before the tax rate is fixed, the apportionment of taxes on the Close of Escrow shall be based on the tax rate for the next preceding year applied to the latest assessed valuation after the tax rate is fixed, which assessed valuation shall be based on the Property's assessed value prior to the Close of Escrow and the Seller and Purchaser shall, when the tax rate is fixed, make any necessary adjustment. All prorations shall be determined on the basis of a 365-day year. The provisions of

this Section 2.6.2 shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

Any Escrow cancellation charges shall be allocated and paid as described in Section 2.3.1 above.

2.7 Due Diligence Period.

2.7.1 During the period (the “**Due Diligence Period**”) commencing on the Effective Date and ending at 5:00 p.m. on the date which is forty-five (45) days after the Effective Date, the Purchaser may inspect the Property as necessary to (i) satisfy itself regarding all zoning and land use matters relating to the Property, (ii) satisfy itself regarding the physical condition of the Property, (iii) satisfy any due diligence requirements of the Purchaser’s lender, if any, and (iv) satisfy itself regarding the condition of the Property, title to the Property, the Property’s suitability for its intended use, and any and all other matters in connection with the transactions contemplated by this Agreement. Subject to the terms of the Right of Entry and Access Agreement in the form of which is attached hereto as Exhibit “C” (the “**Right of Entry and Access Agreement**”), the Purchaser and its agents shall have the right to enter upon the Property during the Due Diligence Period to make inspections and other examinations of the Property, including without limitation, the right to perform surveys, soil and geological tests of the Property and the right to perform environmental site assessments and studies of the Property. Prior to the Purchaser’s entry upon the Property, the parties shall execute the right of Entry and Access Agreement. The Seller shall reasonably cooperate with the Purchaser in its conduct of the due diligence review during the Due Diligence Period. In the event the Purchaser does not, in its sole discretion and for any other reason or no reason, approve of the condition of the Property and its suitability for the Purchaser’s intended use by written notice given to the Seller prior to the expiration of the Due Diligence Period, this Agreement shall terminate, the Deposit shall be returned to Purchaser by Escrow and, except as otherwise expressly stated in this Agreement, neither party shall have any further rights or obligations to the other party.

2.8 Condition of the Property. The Property shall be conveyed from the Seller to the Purchaser on an “AS IS” condition and basis with all faults and the Purchaser agrees that the Seller has no obligation to make modifications, replacements or improvements thereto. Except as otherwise expressly and specifically provided in this Agreement and without limiting the generality of the foregoing, THE SELLER MAKES NO REPRESENTATION OR WARRANTY AS TO (i) THE VALUE OF THE PROPERTY; (ii) THE INCOME TO BE DERIVED FROM THE PROPERTY; (iii) THE HABITABILITY, MARKETABILITY, PROFITABILITY, MERCHANTABILITY OR FITNESS FOR PARTICULAR USE OF THE PROPERTY; (iv) THE MANNER, QUALITY, STATE OF REPAIR OR CONDITION OF THE PROPERTY; (v) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY; (vi) COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION OR POLLUTION LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS EXCEPT AS SET FORTH IN SECTION 2.9; (vii) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS AT, ON, UNDER OR ADJACENT TO THE PROPERTY EXCEPT AS SET FORTH IN SECTION 2.9; (viii) THE FACT THAT ALL OR A PORTION OF THE PROPERTY MAY BE LOCATED ON OR NEAR AN EARTHQUAKE FAULT LINE; AND (ix) WITH RESPECT

TO ANY OTHER MATTER, THE PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PROPERTY AND REVIEW INFORMATION AND DOCUMENTATION AFFECTING THE PROPERTY, THE PURCHASER IS RELYING SOLELY ON ITS OWN INVESTIGATION OF THE PROPERTY AND REVIEW OF SUCH INFORMATION AND DOCUMENTATION AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY THE SELLER.

The waivers by the Purchaser herein contained shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

2.9 Environmental Condition of the Property. California Health & Safety Code section 25359.7 requires owners of non-residential real property who know, or have reasonable cause to believe, that any release of Hazardous Substances has come to be located on or beneath the real property to provide written notice of same to the buyer of real property. The Seller has disclosed to the Purchaser the information contained in any environmental assessments and reports conducted on the Property.

2.10 Escrow Holder.

2.10.1 Escrow Holder is authorized and instructed to:

(a) Pay and charge the Purchaser for any fees, charges and costs payable by the Purchaser under this Agreement. Before such payments are made, the Escrow Holder shall notify the Seller and the Purchaser of the fees, charges, and costs necessary to close the Escrow;

(b) Pay and charge the Seller for any fees, charges and costs payable by the Seller under this Agreement. Before such payments are made, the Escrow Holder shall notify the Seller and the Purchaser of the fees, charges, and costs necessary to close the Escrow;

(c) Disburse funds and deliver the Grant Deed and other documents to the parties entitled thereto when the conditions of the Escrow and this Agreement have been fulfilled by the Seller and the Purchaser; and

(d) Record the Grant Deed and any other instruments delivered through the Escrow, if necessary or proper, to vest title in the Purchaser in accordance with the terms and provisions of this Agreement.

2.10.2 Any amendment of these escrow instructions shall be in writing and signed by both the Seller and the Purchaser.

2.10.3 All communications from the Escrow Holder to the Seller or the Purchaser shall be directed to the addresses and in the manner established in Section 7.3 of this Agreement for notices, demands and communications between the Seller and the Purchaser.

2.10.4 The responsibility of the Escrow Holder under this Agreement is limited to performance of the obligations imposed upon it under this Article, any amendments hereto, and any supplemental escrow instructions delivered to the Escrow Holder that do not materially amend or modify the express provisions of these escrow instructions.

ARTICLE 3 DEVELOPMENT OF THE PROPERTY

3.1 Scope of Development.

3.1.1 Any “**Improvements**” to the Property shall be limited to those related to and in support of the provision of retail water service by the Purchaser, which is a County Water District organized under Water Code Section 30000 *et seq.*, or other improvements allowed under applicable law. Upon written request by the City’s City Manager to the District’s General Manager, the District will provide the City with periodic updates on the status of future development of this Property related to and in support of the provisions of retail water service facilities in accordance with a County Water District under Water Code Section 30000 *et seq.* Until such future retail water service facilities are constructed by the District, contractors working on the District’s behalf to construct and/or maintain other retail water service facilities in the District’s service area may use the Property as a lay down/storage yard during the course of the contractor constructing and/or maintaining such facilities. At all times the Property will be maintained and kept in an acceptable condition that is compliant with the City’s applicable Municipal Code. The Purchaser agrees to landscape the Property to match as much as possible the new commercial development located at 804 South Azusa Avenue, City of Industry, California, directly to the southwest within one year of said development completing its construction activities. The Purchaser is responsible for the costs of any Improvements and shall comply with any and all applicable federal, state and local laws, rules and regulations, and any applicable mitigation measures adopted pursuant to the California Environmental Quality Act.

3.2 Nondiscrimination During Construction. The Purchaser, for itself and its successors and assigns, agrees that it shall not discriminate against any employee or applicant for employment because of age, sex, marital status, race, handicap, color, religion, creed, ancestry, or national origin in the construction of the Improvements.

LIMITATIONS ON TRANSFERS

3.3 Limitation As to Transfer of the Property. After Purchaser acquires the Property, the Purchaser may not sell the Property or any portion of it to a third party without first offering it to the City and complying with the applicable terms of the Surplus Land Act upon the same terms and conditions as such third party offer. The City will be deemed to have rejected the offer if it does not take action to accept such offer within ninety (90) days of the presentation of the offer by Purchaser to the City.

USE OF THE PROPERTY

3.4 Use. The Purchaser covenants and agrees for itself, and its successors and its assigns, that the Purchaser, such successors, and such assignees shall use the Property, and every part thereof, only for purposes that are related to and in support of the provision of retail water service by the Purchaser, including the construction of any Improvements in connection with such use.

3.5 Maintenance of the Property. Purchaser shall maintain the Property and the Project (including landscaping, if any) in a reasonable condition and repair to the extent practicable and in accordance with industry health and safety standards.

3.6 Obligation to Refrain from Discrimination. The Purchaser covenants and agrees for itself, its successors and assigns, and for every successor in interest to the Property or any part thereof, that there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, marital status, age (this paragraph shall not be construed to prohibit or restrict housing or services specifically for older persons and seniors), handicap, race, color, religion, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, and the Purchaser (itself or any person claiming under or through the Purchaser) shall not establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Property or any portion thereof.

ARTICLE 4

EVENTS OF DEFAULT, REMEDIES AND TERMINATION

4.1 Purchaser Events of Defaults. Occurrence of any or all of the following, if uncured after the expiration of any applicable cure period, shall constitute a default (“**Purchaser Event of Default**”) under this Agreement.

4.1.1 The Purchaser’s failure to perform any requirement or obligation of Purchaser set forth herein on or prior to the date for such performance set forth herein and, so long as such failure is not caused by any wrongful act of the Seller or the City, the Purchaser’s failure to cure such breach within thirty (30) days after receipt of written notice from the Seller of the Purchaser’s breach, or if a cure is not possible within the thirty (30) day period, to begin such cure and diligently prosecute the same to completion, which shall, in any event, not exceed ninety (90) days from the date of receipt of the notice to cure; or

4.1.2 The Purchaser’s failure to deposit with Escrow Holder the Deposit, or the balance of the Purchase Price as required by Section 2.2.

4.2 Seller Events of Default. Occurrence of any or all of the following, if uncured after the expiration of the applicable cure period, shall constitute a default (“**Seller Event of Default**”, and together with the Purchaser Event of Default, a “**Default**”) under this Agreement.

4.2.1 The Seller, in violation of the applicable provision of this Agreement, fails to convey the Property to Purchaser at the Close of Escrow; or

4.2.2 The Seller breaches any other material provision of this Agreement.

Upon the occurrence of any of the above-described events, the Purchaser shall first notify the Seller in writing of its purported breach or failure, giving the Seller thirty (30) days from receipt of such notice to cure such breach or failure (other than a failure by the Seller to convey the Property at the Close of Escrow, for which there shall be no cure period) or if a cure is not possible within the thirty (30) day period, to begin such cure and diligently prosecute the same to completion, which shall, in any event, not exceed one hundred eighty (180) days from the date of receipt of the notice to cure.

4.3 Remedies in the Event of Default.

4.3.1 Remedies General. In the event of a breach or a default under this Agreement by either Purchaser or Seller, prior to the Close of Escrow, the non-defaulting party shall have the right to terminate this Agreement by providing ten (10) days written notice thereof to the defaulting party. If such breach or default is not cured within such ten (10) day period (other than a failure by the Seller to convey the Property at the Close of Escrow, for which there shall be no cure period), this Agreement and the Escrow for the purchase and sale of the Property shall terminate; provided, however, if the breach or default is by the Seller, Purchaser shall be entitled to a return of the Deposit, and all interest accrued thereon. Except as herein otherwise expressly provided, such termination of the Escrow by a non-defaulting party shall be without prejudice to the non-defaulting party's rights and remedies against the defaulting party at law or equity.

IF THE PURCHASER FAILS TO COMPLETE THE ACQUISITION OF THE PROPERTY AS HEREIN PROVIDED BY REASON OF ANY DEFAULT OF THE PURCHASER, IT IS AGREED THAT THE DEPOSIT SHALL BE NON-REFUNDABLE AND THE SELLER SHALL BE ENTITLED TO SUCH DEPOSIT, WHICH AMOUNT SHALL BE ACCEPTED BY THE SELLER AS LIQUIDATED DAMAGES AND NOT AS A PENALTY AND AS THE SELLER'S SOLE AND EXCLUSIVE REMEDY. IT IS AGREED THAT SAID AMOUNT CONSTITUTES A REASONABLE ESTIMATE OF THE DAMAGES TO THE SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1671 ET SEQ. THE SELLER AND PURCHASER AGREE THAT IT WOULD BE IMPRACTICAL OR IMPOSSIBLE TO PRESENTLY PREDICT WHAT MONETARY DAMAGES THE SELLER WOULD SUFFER UPON THE PURCHASER'S FAILURE TO COMPLETE IT'S ACQUISITION OF THE PROPERTY. THE PURCHASER DESIRES TO LIMIT THE MONETARY DAMAGES FOR WHICH IT MIGHT BE LIABLE HEREUNDER AND THE PURCHASER AND SELLER DESIRE TO AVOID THE COSTS AND DELAYS THEY WOULD INCUR IF A LAWSUIT WERE COMMENCED TO RECOVER DAMAGES OR OTHERWISE ENFORCE THE SELLER'S RIGHTS. IF FURTHER INSTRUCTIONS ARE REQUIRED BY ESCROW HOLDER TO EFFECTUATE THE TERMS OF THIS PARAGRAPH, THE PURCHASER AND SELLER AGREE TO EXCUTE THE SAME. THE PARTIES ACKNOWLEDGE THIS PROVISION BY PLACING THEIR INITIALS BELOW:

Seller

Purchaser

4.3.2 [Reserved].

4.3.3 Except as specifically provided herein to the contrary, no representative, employee, attorney, agent or consultant of the Seller or City shall personally be liable to the Purchaser, or any successor in interest of the Purchaser, in the event of any Default or breach by the Seller, or for any amount which may become due to the Purchaser, or any successor in interest, on any obligation under the terms of this Agreement.

4.4 Legal Actions.

4.4.1 Institution of Legal Actions. Any legal actions brought pursuant to this Agreement must be instituted in either the Superior Court of the County of Los Angeles, State of California or in an appropriate municipal court in that County.

4.4.2 Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

4.4.3 Acceptance of Service of Process. If any legal action is commenced by the Purchaser against the Seller, service of process on the Seller shall be made by personal service upon the Executive Director or Secretary of the Seller, or in such other manner as may be provided by law. If any legal action is commenced by the Seller against the Purchaser, service of process on the Purchaser shall be made by personal service upon the Purchaser, or in such other manner as may be provided by law, whether made within or without the State of California.

4.5 Rights and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same Default or any other Default by the other party.

4.6 Inaction Not a Waiver of Default. Except as expressly provided in this Agreement to the contrary, any failure or delay by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies, or deprive either such party of its rights to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

ARTICLE 5 GENERAL PROVISIONS

5.1 Reserved.

5.2 Indemnity.

5.2.1 The Purchaser shall indemnify, defend, protect, and hold harmless the Seller, the City, and any and all agents, employees, attorneys and representatives of the Seller, and the City from and against all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees)

and demands of any nature whatsoever, related directly or indirectly to, or arising out of or in connection with:

(a) the Purchaser's use, ownership, management, occupancy, or possession of the Property after the Closing;

(b) any breach or Default of the Purchaser hereunder;

(c) any of the Purchaser's activities on the Property (or the activities of the Purchaser's agents, employees, lessees, representatives, licensees, guests, invitees, contractors, subcontractors, or independent contractors on the Property);

(d) the presence or clean-up of Hazardous Substances on, in or under the Property to the extent the same was caused by Purchaser or Purchaser's affiliates, agents or employees; or

(e) any other fact, circumstance or event related to the Purchaser's performance hereunder, or which may otherwise arise from the Purchaser's ownership, use, possession, improvement, operation or disposition of the Property, regardless of whether such damages, losses and liabilities shall accrue or are discovered before or after termination or expiration of this Agreement, or before or after the conveyance of the Property.

5.3 Notices. All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, by nationally recognized overnight courier or by personal delivery. Notices shall be considered given upon the earlier of (a) personal delivery, (b) three (3) business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested, (c) the next business day after deposit with a nationally reorganized overnight courier, in each instance addressed to the recipient as set forth below. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

Seller: City of Industry
15625 Mayor Dave Way, Suite 100
City of Industry, CA 91744
Attention: Joshual Nelson, City Manager

with a copy to: James M. Casso, City Attorney
Casso & Sparks, LLP
13300 Crossroads Parkway North, Suite 410
City of Industry, CA 91746

Purchaser: Rowland Water District
3021 Fullerton Road
Rowland Heights, CA 91748
Attention: Tom Coleman, General Manager

With a copy to: Best Best & Krieger, LLP
Attn: Joseph Byrne
300 South Grand Ave., 25th Floor
Los Angeles, CA 90071

5.4 Construction. The parties agree that each party and its counsel have reviewed and revised this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or exhibits thereto.

5.5 Purchaser's Warranties. The Purchaser warrants and represents to the City and the Seller as follows:

5.5.1 The Purchaser has full power and authority to execute and enter into this Agreement and to consummate the transaction contemplated hereunder. This Agreement constitutes the valid and binding agreement of the Purchaser, enforceable in accordance with its terms subject to bankruptcy, insolvency of other creditors' rights laws of general application. Neither the execution nor delivery of this Agreement, nor the consummation of the transactions covered hereby, nor compliance with the terms and provisions hereof, shall conflict with, or result in a breach of, the terms, conditions of provisions of, or constitute a default under, any agreement or instrument to which the Purchaser is a party.

5.5.2 As of the Close of Escrow, the Purchaser will have inspected the Property and will be familiar with all aspects of the Property and its condition, and will accept such condition.

5.5.3 The Purchaser has not paid or given, and will not pay or give, to any third person, any money or other consideration for obtaining this Agreement, other than normal costs of conducting business and costs of professional services such as brokers, architects, engineers and attorneys.

5.6 Interpretation. In this Agreement the neuter gender includes the feminine and masculine, and singular number includes the plural, and the words "person" and "party" include corporation, partnership, firm, trust, or association where ever the context so requires.

5.7 Time of the Essence. Time is of the essence of this Agreement.

5.8 Attorneys' Fees. If any party brings an action to enforce the terms hereof or declare its rights hereunder, the prevailing party in any such action shall be entitled to its reasonable attorneys' fees to be paid by the losing party as fixed by the court. If the Seller, or the Purchaser, without fault, is made a party to any litigation instituted by or against the other party, such other party shall defend it against and save it harmless from all costs and expenses including reasonable attorney's fees incurred in connection with such litigation.

5.9 Reserved.

5.10 Approvals by the Seller and the Purchaser. Unless otherwise specifically provided herein, wherever this Agreement requires the Seller or the Purchaser to approve any contract, document, plan,

proposal, specification, drawing or other matter, such approval shall not unreasonably be withheld, conditioned or delayed.

5.11 Reserved.

5.12 Entire Agreement, Waivers and Amendments. This Agreement is executed in duplicate originals, each of which is deemed to be an original. This Agreement, together with all attachments and exhibits hereto, constitutes the entire understanding and agreement of the parties. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to the subject matter hereof. No subsequent agreement, representation or promise made by either party hereto, or by or to any employee, officer, agent or representative of either party, shall be of any effect unless it is in writing and executed by the party to be bound thereby. No person is authorized to make, and by execution hereof the Purchaser and the Seller acknowledge that no person has made, any representation, warranty, guaranty or promise except as set forth herein; and no agreement, statement, representation or promise made by any such person which is not contained herein shall be valid or binding on the Purchaser or the Seller.

5.13 Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5.14 Severability. Each and every provision of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected hereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

5.15 Survival. The provisions hereof shall not terminate but rather shall survive any conveyance hereunder and the delivery of all consideration

5.16 Representations of Seller. The Seller warrants and represents to the Purchaser as follows:

- (a) The Seller has full power and authority to execute and enter into this Agreement and to consummate the transactions contemplated hereunder. This Agreement constitutes the valid and binding agreement of the Seller, enforceable in accordance with its terms subject to bankruptcy, insolvency and other creditors' rights laws of general application. Neither the execution nor delivery of this Agreement, nor the consummation of the transactions covered hereby, nor compliance with the terms and provisions hereof, shall conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which the Seller is a party.
- (b) As of the Effective Date, the Seller has made available to Purchaser complete copies of all studies, reports, agreements, documents, instruments, environmental assessments,

surveys, soils reports, documents, plans, maps, permits and entitlements in Seller's possession (excluding only appraisals) concerning the Property.

(c) The Seller has not authorized any broker or finder to act on its behalf in connection with the sale and purchase hereunder and the Seller has not dealt with any broker or finder purporting to act on behalf of the Seller or otherwise.

(d) As of the Close of Escrow, there are no management, service, supply or maintenance contracts affecting the Property which shall affect the Property on or following the Close of Escrow.

(e) The Seller has not authorized any broker or finder to act on its behalf in connection with the sale and purchase hereunder and the Seller has not dealt with any broker or finder purporting to act on behalf of the Seller or otherwise.

(f) As of the Close of Escrow, there are no leases or other occupancy agreements affecting the Property which shall affect the Property on or following the Close of Escrow.

(g) As of the Close of Escrow and to the actual knowledge of the Seller, the Seller has not received any written notice from any governmental entity regarding the violation of any law or governmental regulation with respect to the Property.

5.17 Purchaser's Broker(s). Purchaser shall pay all commissions and fees that may be payable to any broker, finder or salesperson engaged by Purchaser, and shall defend, indemnify and hold Seller and City harmless from and against any and all claims, liabilities, losses, damages, costs and expenses relating thereto.

5.18 No Third Party Beneficiaries. This Agreement is made and entered into for the sole protection and benefit of the Parties and their successors and assigns. No other person shall have any right of action based upon any provision of this Agreement.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the day and year first above written.

PURCHASER

ROWLAND WATER DISTRICT
a California public water agency

By: _____
Szu Pei Lu-Yang, President

APPROVED AS TO FORM:

Joseph Byrne

SELLER

CITY OF INDUSTRY

By: _____
Cory Moss, Mayor

ATTEST:

Julie Gutierrez-Robles, City Clerk

APPROVED AS TO FORM:

By: _____
James M. Casso, City Attorney

LIST OF EXHIBITS

Exhibit "A"	Legal Description of the Property
Exhibit "B"	Form of Grant Deed
Exhibit "C"	Reserved
Exhibit "D"	Right of Entry and Access Agreement
Exhibit "E"	Reserved

EXHIBIT “A”

LEGAL DESCRIPTION OF THE PROPERTY

LEGAL DESCRIPTION

WELL SITE

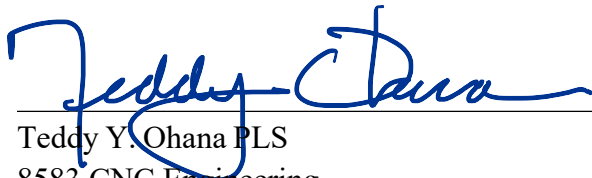
BEING A PORTION OF THAT CERTAIN LAND AS SHOWN ON A RECORD OF SURVEY IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, RECORDED IN BOOK 126, PAGE 37 OF RECORD OF SURVEYS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF SAID LAND, AS SHOWN ON SAID RECORD OF SURVEY, SAID POINT OF BEGINNING ALSO BEING THE INTERSECTION OF THE NORTHWESTERLY RIGHT-OF-WAY LINE OF AZUSA AVENUE, VARIABLE WIDTH AND THE SOUTHERLY RIGHT-OF-WAY LINE OF CHESTNUT STREET, 60.00 FOOT WIDE, AS SHOWN ON SAID MAP OF RECORD OF SURVEY, SAID POINT ALSO BEING THE BEGINNING OF A CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 910.52 FEET, A RADIAL LINE THROUGH SAID POINT BEARS NORTH 15° 22' 30" EAST; THENCE ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE OF CHESTNUT STREET, WESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 0° 13' 33", AN ARC DISTANCE OF 3.59 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 270.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS NORTH 15° 08' 57" EAST; THENCE WESTERLY ALONG THE ARC OF SAID COMPOUND CURVE, THROUGH A CENTRAL ANGLE OF 08° 43' 08", AN ARC DISTANCE OF 41.09 FEET TO **THE TRUE POINT OF BEGINNING**, A RADIAL LINE THROUGH SAID POINT BEARS NORTH 06° 25' 49" EAST; THENCE WESTERLY CONTINUING ALONG LAST SAID COMPOUND CURVE, THROUGH A CENTRAL ANGLE OF 26° 15' 35", AN ARC DISTANCE OF 123.75 FEET;

THENCE LEAVING SAID COMPOUND CURVE AND SOUTHERLY RIGHT-OF-WAY OF LINE OF CHESTNUT STREET, SOUTH 16° 40' 00" EAST, 82.79 FEET; THENCE NORTH 46° 20' 00" EAST, 135.59 FEET TO **THE TRUE POINT OF BEGINNING**

CONTAINING 5,580 SQUARE FEET OF LAND, (0.1281 ACRES),
MORE OR LESS.

SHOWN ON EXHIBIT "B" ATTACHED HERETO AND MADE A PART HEREOF.



Teddy Y. Ohana PLS

8583 CNC Engineering

Checked by: VS

January 26, 2022 Job No MP

99-58

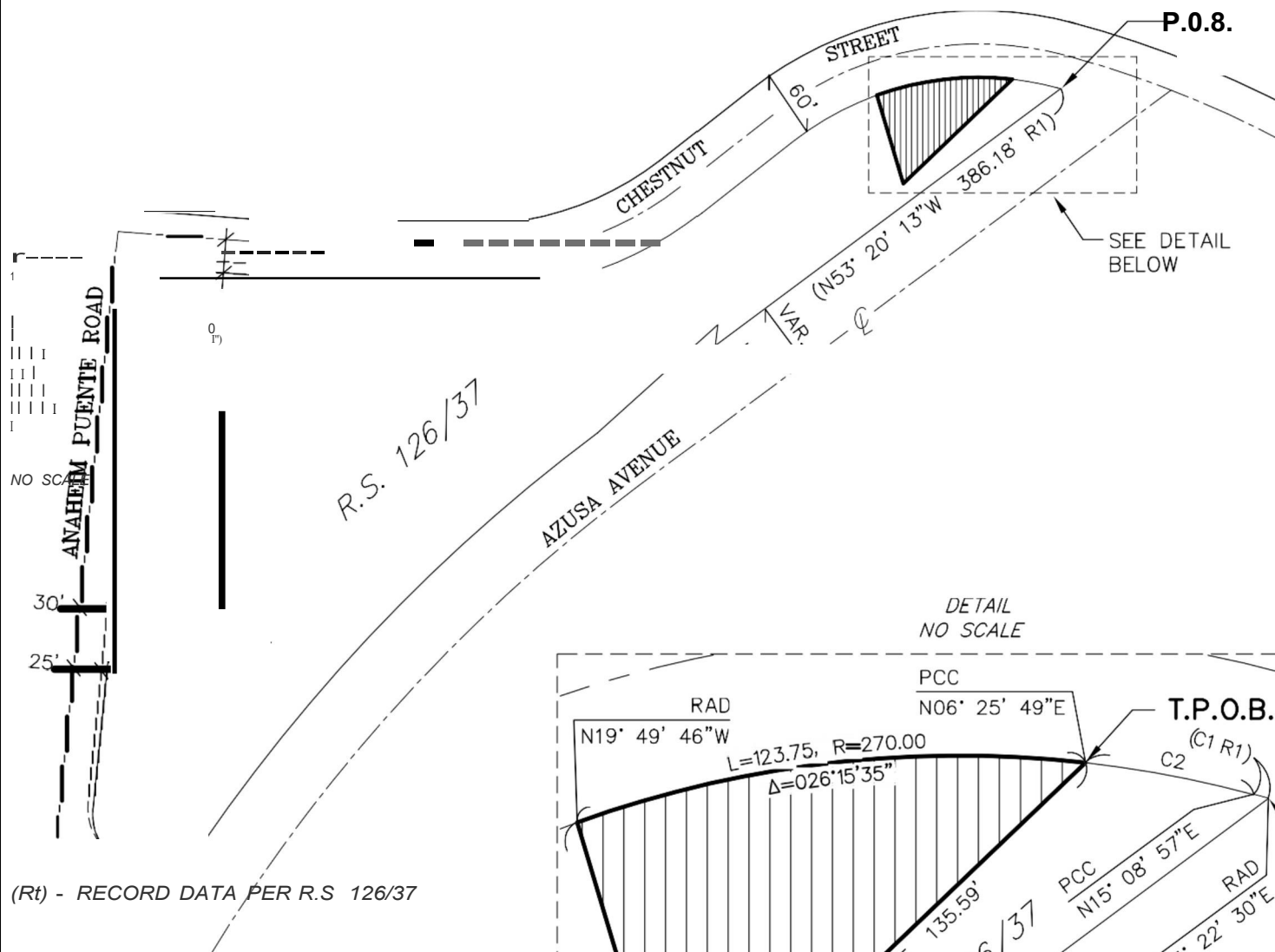
Legal

No. 950



EXHIBIT

"B,,

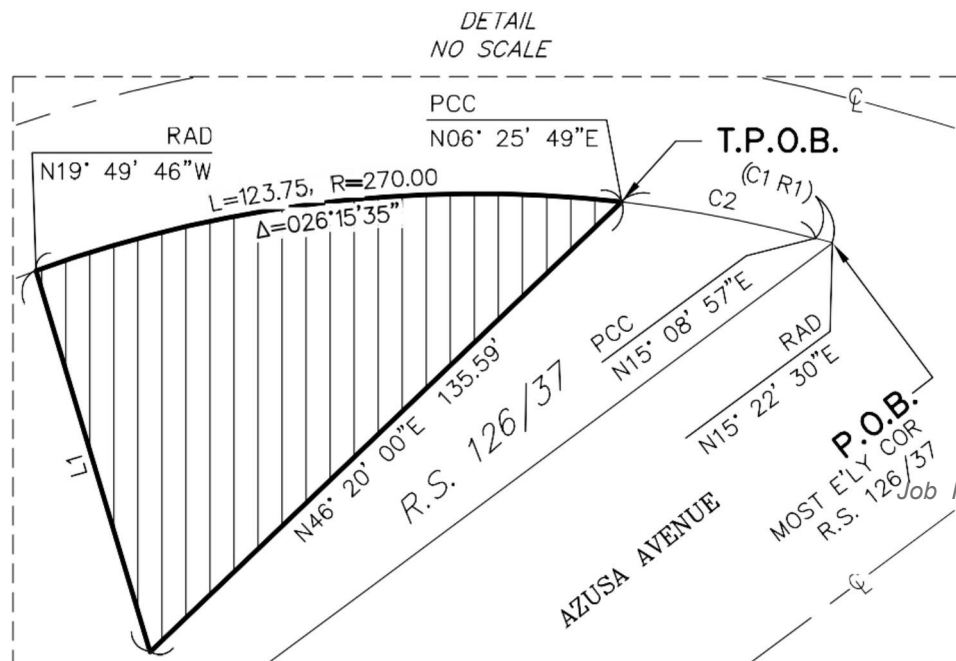


Line Table		
Line #	Direction	Length
L1	s15° 40' 00"E	82.79'

Curve Table			
Curve #	Radius	Delta	Length
(C1)	910.52'	0° 13' 33"	3.59'
C2	270.00'	8° 43' 08"	41.09'

(Rt) - RECORD DATA PER R.S. 126/37

Legal No.950



No. MI-99-01-f, January 20, 2002
Prepared by:

CNC ENGINEERING

255 N. HACIENDA BLVD, Suite 222
CITY OF INDUSTRY, CA. 91744
Phone (626) 333-0336

EXHIBIT “B”

FORM OF GRANT DEED

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

City of Industry
15625 Mayor Dave Way, Suite 100
City of Industry, California 91744
Attention: Julie Gutierrez-Robles, City Clerk

[The undersigned declares that this Grant Deed is exempt from Recording Fees pursuant to California Government Code Section 27383]

GRANT DEED

Documentary Transfer Tax: \$ _____

THE UNDERSIGNED GRANTOR DECLARES:

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, the **CITY OF INDUSTRY** (the “**Grantor**”), hereby grants to **ROWLAND WATER DISTRICT**, a California public water agency, (the “**Grantee**”), that certain real property described in Exhibit A attached hereto (the “**Site**”) and incorporated herein by this reference, together with all of Grantor’s right title and interest in and to all easements, privileges and rights appurtenant to the Site.

This Grant Deed of the Site is subject to the provisions of a Purchase Agreement [804 S. Azusa Avenue] (the “**Agreement**”) entered into by and between the Grantor and Grantee dated as of December __, 2023, the terms of which are incorporated herein by reference. A copy of the Agreement is available for public inspection at the offices of the Grantor located at 15625 East Stafford Street, Suite 100, City of Industry, California 91744. The Site is conveyed further subject to all easements, rights of way, covenants, conditions, restrictions, reservations and all other matters of record, and the following conditions, covenants and agreements.

1. Subject to the Agreement, the Site as described in Exhibit A is conveyed subject to the condition that the Grantee covenants and agrees for itself, and its successors and its assigns, that the Grantee, such successors, and such assignees shall use the Site, and every part thereof, only for the construction of certain improvements thereon as described in the Agreement and thereafter for any use allowed under applicable law.

2. The Site is conveyed subject to the condition that:

(a) The Grantee covenants and agrees for itself, its successors and assigns, and every successor in interest to the Site, that after completion of the Project (as defined in the Agreement), the Grantee and the Grantee’s transferees, successors and assigns, shall use the Site for any such uses as are allowed under applicable law.

3. All deeds, leases or contracts entered into with respect to the Property shall contain or be subject to substantially the following nondiscrimination/nonsegregation clauses:

(a) During Grantee's performance of the Agreement, it shall not discriminate on the grounds of race, religious creed, color, national origin, ancestry, age, physical disability, mental disability, medical condition, including the medical condition of Acquired Immune Deficiency Syndrome (AIDS), or any condition related thereto, marital status, sex, genetic information, gender, gender identity, gender expression, or sexual orientation, in the selection and retention of employees and subcontractors and the procurement of materials and equipment, except as provided in Section 12940 of the California Government Code. Further, the Purchaser agrees to conform to the requirements of the Americans with Disabilities Act in the performance of this Agreement.

4. All covenants and agreements contained in this Grant Deed shall run with the land and shall be binding for the benefit of Grantor and its successors and assigns and such covenants shall run in favor of the Grantor and for the entire period during which the covenants shall be in force and effect as provided in the Agreement, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. The Grantor, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies provided herein or otherwise available, and to maintain any actions at law or suits in equity or other property proceedings to enforce the curing of such breach. The covenants contained in this Grant Deed shall be for the benefit of and shall be enforceable only by the Grantor and its successors and assigns.

5. The covenants contained in Paragraphs 2 of this Grant Deed shall remain in effect in perpetuity except as otherwise expressly set forth therein.

6. This Grant Deed may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, Grantor and Grantee have caused this Grant Deed to be executed and notarized as of this ____ day of _____, 2023.

GRANTOR:

CITY OF INDUSTRY

By: _____
Cory Moss, Mayor

ATTEST:

Julie Gutierrez-Robles, City Clerk

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature_____

(Seal)

EXHIBIT “C”

RESERVED

EXHIBIT “D”

RIGHT OF ENTRY AND ACCESS AGREEMENT

THIS RIGHT OF ENTRY AND ACCESS AGREEMENT (herein called this “**Agreement**”) is made and entered into as of December __, 2023, by the **CITY OF INDUSTRY**, a municipal corporation (herein called “**Grantor**”), and **ROWLAND WATER DISTRICT**, a California public water agency (herein called “**Grantee**”).

W I T N E S S E T H:

WHEREAS, Grantor is the owner of the real property located at 804 South Azusa Avenue, Industry, California and more particularly described in Exhibit “A”, which exhibit is attached hereto and incorporated herein by reference (herein called the “**Property**”);

WHEREAS, concurrently with the execution of this Agreement, Grantor and Grantee contemplate entering into a Purchase Agreement related to the Property (the “**Purchase Agreement**”);

WHEREAS, Grantee has requested the right of entry upon and access to the Property for the purpose of undertaking tests, inspections and other due diligence activities (herein called the “**Due Diligence Activities**”) in connection with the proposed acquisition by Grantee of the Property;

WHEREAS, Grantor has agreed to grant to Grantee, and Grantee has agreed to accept from Grantor, a non-exclusive, revocable license to enter upon the Property to perform the Due Diligence Activities in accordance with the terms and provisions of this Agreement;

WHEREAS, Grantor and Grantee desire to execute and enter into this Agreement for the purpose of setting forth their agreement with respect to the Due Diligence Activities and Grantee's entry upon the Property.

NOW, THEREFORE, for and in consideration of the foregoing premises, the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor and Grantee do hereby covenant and agree as follows:

1. Access by Grantee.

a. Subject to Grantee's compliance with the terms and provisions of this Agreement, until the earlier to occur of (i) the expiration of the Due Diligence Period (as defined in the Purchase Agreement); or (ii) the earlier termination of this Agreement, Grantee and Grantee's agents, employees, contractors, representatives and other designees (herein collectively called “**Grantee's Designees**”) shall have the right to enter upon the Property for the purpose of conducting the Due Diligence Activities.

b. Grantee expressly agrees as follows: (i) any activities by or on behalf of Grantee, including, without limitation, the entry by Grantee or Grantee's Designees onto the Property in

connection with the Due Diligence Activities shall not materially damage the Property in any manner whatsoever or disturb or interfere with the rights or possession of any tenant on the Property, (ii) in the event the Property is materially altered or disturbed in any manner in connection with the Due Diligence Activities, Grantee shall immediately return the Property to substantially the same condition existing prior to the Due Diligence Activities, and (iii) Grantee, to the extent allowed by law, shall indemnify, defend and hold Grantor harmless from and against any and all claims, liabilities, damages, losses, costs and expenses of any kind or nature whatsoever (including, without limitation, attorneys' fees and expenses and court costs) suffered, incurred or sustained by Grantor as a result of, by reason of, or in connection with the Due Diligence Activities or the entry by Grantee or Grantee's Designees onto the Property; provided, however, that in no event shall Grantee be liable for any liabilities, damages, losses, costs or expenses of any kind or nature that relate, directly or indirectly, to (x) matters arising from the Grantor's, or its agents' or representatives', acts or omission; (y) consequential or punitive damages; or (z) matters that are merely discovered, but not exacerbated, by Grantee. Notwithstanding any provision of this Agreement to the contrary, Grantee shall not have the right to undertake any invasive activities or tests upon the Property, or any environmental testing on the Property beyond the scope of a standard "Phase I" investigation, without the prior written consent of Grantor of a workplan for such "Phase II" or invasive testing. If Grantor does not respond or reject any workplan within ten (10) days of Grantee's delivery of the written workplan proposal to Grantor pursuant to the notice provisions of this Agreement, then Grantor shall be deemed to have approved the submitted workplan and Grantee may proceed with such testing. If Grantor rejects such proposed workplan in whole or in part, then this Agreement shall become null and void at the sole option of Grantee, which option must be exercised by Grantee's giving Grantor written notice on or before the expiration of the Due Diligence Period, as defined in the Purchase Agreement.

c. Lien Waivers. Upon receipt of a written request from Grantor, Grantee will provide Grantor with lien waivers following completion of the Due Diligence Activities from each and every contractor, materialman, engineer, architect and surveyor who might have lien rights, in form and substance reasonably satisfactory to Grantor and its counsel. Grantee hereby indemnifies Grantor from and against any claims or demands for payment, or any liens or lien claims made against Grantor or the Property by Grantee's Designees as a result of the Due Diligence Activities.

d. Insurance. Grantee shall, and shall cause all of Grantee's Designees performing the Due Diligence Activities to, procure or maintain a policy of commercial general liability insurance issued by an insurer reasonably satisfactory to Grantor covering each of the Due Diligence Activities performed by Grantee or such Grantee's Designee with a single limit of liability (per occurrence and aggregate) of not less than One Million Dollars (\$1,000,000.00), and to deliver to Grantor a certificate or certificates of insurance evidencing that such insurance is in force and effect, and evidencing that Grantor has been named as an additional insured thereunder with respect to the Due Diligence Activities. Such insurance shall be maintained in force throughout the term of this Agreement.

e. Successors. To the extent any rights or obligations under this Agreement remain in effect, this Agreement shall be binding upon and enforceable against, and shall inure to the benefit of, the parties hereto and their respective heirs, legal representatives, successors and permitted assigns.

f. Limitations. Grantor does not hereby convey to Grantee any right, title or interest in or to the Property, but merely grants the specific rights and privileges hereinabove set forth.

g. Notices. Whenever any notice, demand, or request is required or permitted under this Agreement, such notice, demand, or request shall be in writing and shall be delivered and deemed given in accordance with the notice provision in section 7.3 of the Purchase Agreement. Nonetheless, the time period, if any, in which a response to any notice, demand, or request must be given shall commence to run from the date of receipt of the notice, demand, or request by the addressee thereof. Any notice, demand, or request not received because of changed address or email address of which no notice was given as hereinabove provided or because of refusal to accept delivery shall be deemed received by the party to whom addressed on the date of hand delivery, on the date of email transmittal, on the first calendar day after deposit with commercial courier, or on the third calendar day following deposit in the United States Mail, as the case may be.

h. Assignment. This Agreement may be assigned by Grantee, in whole or in part.

i. Governing Law. This Agreement shall be construed, enforced and interpreted in accordance with the laws of the State of California.

j. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

k. No Recording of Agreement or Memorandum of Agreement. In no event shall this Agreement or any memorandum hereof be recorded in the Official Records of Los Angeles County, California, and any such recordation or attempted recordation shall constitute a breach of this Agreement by the party responsible for such recordation or attempted recordation. This Agreement, together with the Purchase Agreement with all attachments and exhibits thereto, constitutes the entire understanding and agreement of the parties, and the foregoing integrate all of the terms and conditions mentioned herein and therein or incidental hereto or thereto, and supersedes all negotiations or previous agreements between the parties with respect to the subject matter hereof and thereof.

IN WITNESS WHEREOF, Grantor and Grantee have caused this Agreement to be executed and sealed, on the day and year first written above.

GRANTOR
CITY OF INDUSTRY

GRANTEE
ROWLAND WATER DISTRICT

By: _____
Cory Moss, Mayor

By: _____
Szu Pei Lu-Yang, President

ATTEST:

Julie Gutierrez-Robles, City Clerk

APPROVED AS TO FORM

APPROVED AS TO FORM

James M. Casso, City Attorney

Joseph Byrne, General Counsel

Exhibit A to Right of Entry and Access Agreement Legal

Description of Property

EXHIBIT “E”

RESERVED

**RESTATED MEMORANDUM OF UNDERSTANDING
REGARDING PUBLIC WATER AGENCIES GROUP
EMERGENCY PREPAREDNESS COORDINATOR POSITION**

This Restated Memorandum of Understanding regarding Public Water Agencies Group (“PWAG” or the “Group”) Emergency Preparedness Coordinator Position (“Restated MOU”) is made, entered into and effective as of January 1, 2024 (the “Effective Date”), by and among: Bellflower-Somerset Mutual Water Company, Crescenta Valley Water District, Kinneloa Irrigation District, La Cañada Irrigation District, La Puente Valley County Water District, Montebello Land and Water Company, Palmdale Water District, Pico Water District, Quartz Hill Water District, Rowland Water District (in its capacity as a member of PWAG and payor of its share of costs under this Restated MOU), Rubio Cañon Land and Water Association, San Gabriel County Water District, San Gabriel Valley Municipal Water District, South Montebello Irrigation District, Sunny Slope Water Company, Three Valleys Municipal Water District, Valencia Heights Water Company, Valley County Water District and Walnut Valley Water District, (which entities may be referred to individually herein as a “Party” or collectively as the “Parties”), and Rowland Water District (in its capacity as the employing entity under Section 5, below; “Rowland”) with respect to the following facts:

RECITALS

- A. Each Party is a member of the Public Water Agencies Group, a California non-profit mutual benefit corporation consisting of 21 public agency and mutual water company water suppliers located in Los Angeles County, California. The Parties comprise the 19 participants in the PWAG Emergency Preparedness Program.
- B. Over the past several years, the Group has further pursued efforts to enhance the emergency preparedness and emergency response of the Parties.
- C. Based on those prior efforts, the Group engaged a dedicated emergency preparedness coordinator (the “Coordinator”) as an employee through the Group’s legal counsel.
- D. The Group has decided to revise the Coordinator’s employing entity and effective January 4, 2024, the Coordinator will be employed through Rowland, and will continue to render training and coordination services, as more fully described in the job description set forth in Exhibit A hereto, to the Parties and to those entities who may subsequently elect to be added as Parties to this Restated MOU.
- E. The Parties therefore desire to set forth their respective obligations with respect to the engagement and compensation of the Coordinator, as set forth herein.

NOW, THEREFORE, the Parties agree as follows:

1. Cost Sharing Allocation. The Parties estimate that the salary, benefit burden, overhead and related administrative costs related to the engagement and compensation of the Coordinator (collectively, the “Coordinator Costs”) will be up to \$225,000.00 per year, with possible subsequent increases in salary based on step increases and/or cost of living adjustments to be approved by the Emergency Preparedness Executive Committee established by the Parties (the “Committee”). Each Party shall pay its share of the Coordinator Costs, as allocated among the Parties as set forth in Exhibit B hereto, to the Group, which shall thereafter pay all costs associated with Rowland’s employment of the Coordinator, based on Rowland’s employment practices, including salary, benefits and required employer contributions. The foregoing cost allocation is based on the number of service connections each Party has, as follows:

0-999 Service Connections – Very Small;
1,000 to 4,999 Service Connections – Small;
5,000 to 9,999 Service Connections – Medium;
10,000 to 19,999 Service Connections – Medium-Large;
Over 20,000 Service Connection – Large; and
Wholesale or replenishment water providers are classified as Medium.

2. Changes to Cost Allocation – New Party. In the event that a new Party is added to this Restated MOU, Exhibit B shall be amended accordingly to add that new Party to Exhibit B in the appropriate cost allocation classification based on the number of service connections that new Party serves. Any such new Parties will be responsible for their respective share beginning the month following approval of their participation in this Restated MOU, as specified in Section 6, below. Similarly, in the event a Party withdraws from this Restated MOU, in the manner specified in Section 7, below, then Exhibit B shall be amended accordingly to proportionately increase the required financial contributions of each of the remaining Parties.

3. Payment of Costs. PWAG shall invoice each Party by e-mail on a monthly basis, in advance, for that Party’s share of the Coordinator Costs, as specified on Exhibit B. All payments are to be made payable to the “Public Water Agencies Group” and Rowland shall invoice PWAG for salary and expense reimbursement payments to the Coordinator and for overhead and administrative costs, as specified in Section 8, below. Each Party shall pay such costs within thirty (30) days of presentation of the monthly invoice from PWAG. If payment is not received by PWAG by the thirtieth (30th) day after presentation of that invoice, PWAG shall notify the Party who has failed to pay of that failure and that Party shall then have five (5) days to pay its outstanding share of the Coordinator Costs to PWAG. If that Party does not make that required payment within that five (5) day period, PWAG shall then notify each of the other Parties of the need to make additional payments pursuant to Section 4, below.

4. Withdrawal of a Party or Party's Failure to Pay. Each Party acknowledges that if any Party fails to pay Coordinator Costs as specified herein or if a Party withdraws as specified in Section 7, below, the other Parties shall contribute additional funds to cover that failure to pay or the withdrawing Party's share of the Coordinator Costs. PWAG shall promptly notify the Parties in either situation, and the Parties shall pay to PWAG within fourteen (14) days of receipt of notice from the PWAG Treasurer all sums required, as specified in that notice. The Parties may commence legal action to collect any unpaid amounts from a Party who fails to pay its share of the Coordinator Costs in accordance with this Restated MOU.

5. Coordinator Hiring and Duties. The duties and obligations of the Coordinator are specified in the Job Description set forth in Exhibit A hereto. The Coordinator shall be engaged as an employee by Rowland. Rowland shall coordinate the Coordinator's duties with the Committee. The Committee shall oversee the recruitment and hiring of the Coordinator and shall establish the Coordinator's salary and benefits.

6. Additional Parties. Parties may be added to this Restated MOU upon the approval of at least a majority of the then existing Parties. Upon the approval of any new Party by the existing Parties, Exhibit B shall be amended to reflect the cost allocation among the Parties as a result of that addition, based on the classification of that new Party as set forth in Section 1, above.

7. Term; Withdrawal of a Party. This Restated MOU shall have an initial term of ten (10) years from the Effective Date (the "Initial Term") and shall thereafter continue for consecutive two (2) year terms unless terminated by a majority of the Parties at least sixty (60) days, but not more than one hundred twenty (120) days, before the expiration of the then current term. The Parties acknowledge that this Restated MOU is made possible by the commitment of each of the Parties and thus no Party may withdraw from this Restated MOU during the Initial Term. In any subsequent term, a Party may withdraw from the MOU on at least four (4) months' written notice to the other Parties, and such withdrawing Party shall be responsible for paying its allocated share of the Coordinator Costs until that notice period has expired.

8. Coordinator Costs; Overhead and Administrative Costs. Rowland agrees to timely pay all monies owed to the Coordinator, based on the salary and benefits approved by the Parties. In addition to those salary and benefit costs, which costs shall include any employer contributions required under applicable law, Rowland shall be entitled to a seven percent (7%) fee, calculated on the salary and benefits to be provided to the Coordinator, for its overhead and administrative costs in employing the Coordinator. Any Party may audit Rowland's records with respect to payments made, and benefits provided, to the Coordinator upon at least forty-eight (48) hours' prior written notice.

9. Indemnification of Coordinator Costs. The Parties agree to indemnify Rowland, as the Coordinator's employer, against, and hold Rowland harmless from, any

liability resulting from the payment of the Coordinator Costs, except to the extent that any such costs result from Rowland's negligence or willful misconduct.

10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

11. Amendment. This Agreement may be modified only by a written agreement signed by the Parties.

12. Severability. If any court determines that any provision of this Agreement is invalid or unenforceable, any invalidity or unenforceability will affect only that provision and will not make any other provision of this Agreement invalid or unenforceable and such provision shall be modified, amended or limited only to the extent necessary to render it valid and enforceable.

13. Counterparts; Execution Transmitted by E-Mail or Other Electronic Means. This Agreement may be executed in counterparts, effective as of the Effective Date first set forth above. The parties agree that this Agreement will be considered signed when the signature of a party is delivered by e-mail or by other electronic means, including DocuSign or other similar applications. Such e-mailed or electronic signature shall be treated in all respects as having the same effect of an original signature.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the last date set forth below.

Bellflower-Somerset Mutual Water Company

Dated: _____, 202__

By _____
Its _____

Crescenta Valley Water District

Dated: _____, 202__

By _____
Its _____

Kinneloa Irrigation District

Dated: _____, 202__

By _____
Its _____

La Cañada Irrigation District

Dated: _____, 202__

By _____
Its _____

La Puente Valley County Water District

Dated: _____, 202__

By _____
Its _____

Montebello Land and Water Company

Dated: _____, 202__

By _____
Its _____

Palmdale Water District

Dated: _____, 202__

By _____
Its _____

Pico Water District

Dated: _____, 202__

By _____
Its _____

Quartz Hill Water District

Dated: _____, 202__

By _____
Its _____

Rowland Water District

Dated: _____, 202__

By _____
Its _____

Rubio Cañon Land and Water Association

Dated: _____, 202__

By _____
Its _____

San Gabriel County Water District

Dated: _____, 202__

By _____
Its _____

San Gabriel Valley Municipal Water District

Dated: _____, 202__

By _____
Its _____

South Montebello Irrigation District

Dated: _____, 202__

By _____
Its _____

Sunny Slope Water Company

Dated: _____, 202__

By _____
Its _____

Three Valleys Municipal Water District

Dated: _____, 202__

By _____
Its _____

Valencia Heights Water Company

Dated: _____, 202__

By _____
Its _____

Valley County Water District

Dated: _____, 202__

By _____
Its _____

Walnut Valley Water District

Dated: _____, 202__

By _____
Its _____

EXHIBIT A

JOB DESCRIPTION

PUBLIC WATER AGENCIES GROUP EMERGENCY PREPAREDNESS COORDINATOR

The Public Water Agencies Group (“PWAG” or the “Group”) is a non-profit mutual benefit corporation comprised of 21 members that are special districts or mutual water companies that provide water service in Los Angeles County. In 2014, some of the Group’s members established the PWAG Emergency Preparedness Program. Then, in 2018, 18 of the members agreed to hire an Emergency Preparedness Coordinator to assist those participating agencies in their emergency preparedness and emergency response planning efforts, along with facilitating necessary training and addressing related issues. The current Coordinator will be leaving his position in early 2021 and the Group is now recruiting for his replacement.

This document outlines the objectives of the PWAG Emergency Preparedness Program and the job duties for the Emergency Coordinator Position.

Objectives of the PWAG Emergency Preparedness Program

No. 1: *Oversee effective planning for emergency response by providing continuous coordination, effective communication, and training, with a clear sense of purpose, encouragement, and support.*

No. 2: *Facilitate Mutual Aid amongst PWAG agencies and begin coordination with other entities in an effort to expand training.*

No. 3: *Coordinate members’ preparedness, response and operations, as follows:*

- *Assess and determine members’ current state of preparedness;*
- *Facilitate all-around improvement in emergency response; and*
- *Ensure, to the maximum extent possible, the operational reliability of the members through planning, organizing, training, equipping, exercising, evaluating, and taking corrective active.*

Job Summary

Acts as a general and individual resource for the Public Water Agencies Group’s Emergency Preparedness Program’s members to:

1. Maintain an understanding of the individual members’ state-of-readiness, current infrastructure and the potential impact of natural and other wide-area and/or localized emergencies on each member’s infrastructure.
2. Coordinate the best methods to operate cooperatively and efficiently with PWAG members by:

- Overseeing, suggesting, and managing the most efficient and productive methods to communicate, train, equip, and respond to emergencies as individual agencies and in a mutual aid situation;
 - Organizing initial emergency planning activities and training, including table top exercises;
 - Promoting awareness of and coordinating emergency response plans and procedures;
 - Updating emergency response plans on an annual basis, using plans prepared under the America's Water Infrastructure Act of 2018 as a baseline;
 - Establishing emergency response protocols and developing applicable operational checklists for all members as needed;
 - Developing applicable practice drills, tabletop training, standard emergency response procedures, guidelines and checklists, and related training scenarios among participating Group members, public entities and other stakeholders;
 - Providing SEMS and NIMS training and arranging for additional emergency-related training;
 - Testing and evaluating emergency response concepts and standard operating techniques for, but not limited to, earthquakes, water quality situations, large main breaks, water outages, power outages, fires, cyber security breaches, civil unrest, high winds, fires and pandemics;
 - Adjusting emergency plans, procedures or protocols to reflect any changes in federal, state, or local laws and improve efficiency as appropriate;
 - Establishing communications protocols (radio network, phone systems, etc.) among Group members to facilitate communications in times of need;
 - Coordinating with members' pertinent personnel to establish procedures for effective crisis communications, business continuity planning, cyber-security planning, an IT disaster recovery plan, employee assistance and support during emergency operations, including with local first responders;
 - Creating an incident debriefing and an after-action report process;
 - Initiating the necessary training and providing related resources necessary to comply with the "paperwork" requirements for FEMA and state emergency response funding sources; and
 - Assuring conformity of members' emergency management programs with federal and state requirements.
3. Manage, update and maintain an emergency response resources database that includes available personnel (i.e., specific expertise), equipment and logistics in all phases of utility operations.
 4. Liaison with applicable federal, state and local emergency planning and response offices; and develop contacts and seek to establish and/or improve working relationships for each PWAG member that includes local cities, local law enforcement and fire officials, Los Angeles County, Metropolitan Water District, state and federal officials (including elected officials at all levels), State OES, CalWARN, local-contiguous non-participating water agencies, etc.

5. Work to enhance the visibility of participating Group members in county-wide emergency planning and management efforts, and to integrate water agencies into such planning activities.
6. Provide requisite planning activity reports, budget submissions, and/or other required documentation for federal and state emergency response funding sources to ensure all necessary prerequisites to receiving federal and state emergency funding are met.
7. Participate in related training programs as directed, completing courses, workshops, seminars, and other training to keep abreast of emergency planning issues and concepts.
8. Schedule quarterly meetings with participating members and provide presentations to governing Board 's of participating members as needed.
9. Research the possibility of state and federal grant opportunities.
10. Carry mobile phone, or other emergency communication devices during all work hours and at all other times when unavailable by phone at home (monthly mobile phone allowance to be provided).
11. Perform other related duties as assigned.

Knowledge, Skills and Abilities

- Knowledge of the laws and regulations governing emergency management;
- Recommend and assist in the implementation of Program goals and objectives;
- Establish schedules and methods for providing emergency preparedness services;
- Assist in the implementation of members' respective policies and procedures;
- Knowledge of emergency and/or disaster planning principles and practices;
- Conduct or oversee disaster exercises in accordance with state and federal requirements; develop activation procedures; prepare checklists for positions in the Incident Command System for training programs and tabletop drills; and activate sections of an emergency plan;
- Skill in organization and planning techniques;
- Ability to analyze information under emergency operating conditions and directing the course of action to be taken;
- Skill in public relations and public speaking;
- Skill in computer and communication equipment operation;
- Knowledge of basic budget development and fiscal management;
- Ability to establish and maintain effective working relationships with other government officials, employees, agencies, volunteers, and the public;
- Ability to communicate effectively, both speaking and in writing;
- Ability to learn the principles, practices and techniques involved in emergency management;
- Knowledge of principles and practices of governmental and public health agency structures and resources; and
- General knowledge of water system operations.

Special Requirements

Ability to travel throughout Los Angeles County and possible neighboring counties; monthly car allowance to be provided. May be on-call twenty-four (24) hours a day, seven (7) days a week. The person filling this position must complete training courses as recommended.

Education

Equal to the ability and experience to get the job done

Experience

At least three years of water agency management, and/or direct experience coordinating emergency services preferably for utilities.

Licensing and Certification

Not required for the position, but any professional certification or pertinent undergraduate or graduate specialized degree is desired.

Salary and Benefits

Range of \$130,000 to \$160,000 per year, additional benefits to be negotiated. Step salary increases and/or cost of living adjustments to be considered.

Expense

Car allowance and mobile phone allowance to be provided; other expense-related issues to be addressed in employment agreement

Office Space

To be agreed upon with applicant. Office equipment and support can be provided, as needed

Reporting

Direct report to Public Water Agencies Group Emergency Preparedness Executive Committee

Examples of Daily, Weekly and Monthly Tasks

DAILY:

- Check emails
- Check Cal OES's Daily situation report
- Monitor sources on the internet and various email lists for alerts to forward to members
- Review weekly priorities and work on medium and long-range planning needs
- Communicate as-needed with member agencies

WEEKLY:

- Establish weekly priorities
- Check PWAG Emergency Preparedness Program website and update as needed
- Oversee AWIA process (as applicable)
- Update Executive Committee on accomplishments and occurrences
- Coordinate, attend, plan, and/or participate in any special meetings or projects (training, webinars)

MONTHLY:

- Prepare for, plan, follow-up, attend and participate in the monthly Executive Committee meeting
- Add materials / data / documents to website as-needed
- Attend pertinent DMAC meetings and training sessions

EXHIBIT B**PUBLIC WATER AGENCIES GROUP****EMERGENCY PREPAREDNESS COORDINATOR COST ALLOCATION**

Agency	Size Category	Annual Cost	Monthly Cost
Bellflower-Somerset Mutual Water Company	Medium	\$11,565	\$963.75
Crescenta Valley Water District	Medium	\$11,565	\$963.75
Kinneloa Irrigation District	Very Small	\$3,469	\$289.08
La Cañada Irrigation District	Small	\$6,939	\$578.25
La Puente Valley County Water District	Small	\$6,939	\$578.25
Montebello Land and Water Company	Medium	\$11,565	\$963.75
Palmdale Water District	Large	\$23,129	\$1,927.42
Pico Water District	Medium	\$11,565	\$963.75
Quartz Hill Water District	Medium	\$11,565	\$963.75
Rowland Water District	Medium-Large	\$18,503	\$1,541.92
Rubio Cañon Land & Water	Small	\$6,939	\$578.25
San Gabriel County Water District	Medium	\$11,565	\$963.75
San Gabriel Valley Municipal Water District	Medium	\$11,565	\$963.75
South Montebello Irrigation District	Small	\$6,939	\$578.25
Sunny Slope Water Company	Medium	\$11,565	\$963.75
Three Valleys Municipal Water District	Medium	\$11,565	\$963.75
Valencia Heights Water Company	Small	\$6,939	\$578.25
Valley County Water District	Medium-Large	\$18,503	\$1,541.92
Walnut Valley Water District	Large	\$23,129	\$1,927.42
TOTALS:		\$225,513	\$18,792.76



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

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

Cypress Office:
10805 Holder Street, Suite 150
Cypress, California 90630
(657) 214-2307

Riverside Office:
5051 Canyon Crest Drive, Suite 203
Riverside, California 92507
(657) 214-2307

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</u> <u>2022</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance</u> <u>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>-</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</u> <u>2021</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance</u> <u>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>-</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

	<u>2023</u>	<u>2022</u>
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	<u>26,667</u>	<u>32,000</u>
Total operating revenues	<u>16,572,518</u>	<u>19,176,682</u>
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	<u>8,262</u>	<u>9,237</u>
Total operating expenses	<u>17,114,418</u>	<u>19,337,998</u>
Operating loss before depreciation and amortization expense	(541,900)	(161,316)
Depreciation and amortization expense	<u>(429,285)</u>	<u>(414,968)</u>
Operating loss	<u>(971,185)</u>	<u>(576,284)</u>
Non-operating revenue(expense):		
Investment (expense) income, net of fair market value	10,588	(3,440)
Interest expense – long-term debt	<u>(62,973)</u>	<u>(64,859)</u>
Total non-operating revenue(expense), net	<u>(52,385)</u>	<u>(68,299)</u>
Net loss before capital contributions	<u>(1,023,570)</u>	<u>(644,583)</u>
Capital contributions:		
Capital contributions – member agency assessments	1,530,378	153,647
Contributions – stored water purchases from member agencies	<u>2,628,669</u>	<u>480,600</u>
Total capital contributions	<u>4,159,047</u>	<u>634,247</u>
Changes in net position	3,135,477	(10,336)
Net position, beginning of the year	<u>41,463,844</u>	<u>41,474,180</u>
Net position, end of year	<u>\$ 44,599,321</u>	<u>41,463,844</u>

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

	<u>2023</u>	<u>2022</u>
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	<u>(20,601,118)</u>	<u>(20,342,792)</u>
Net cash (used in) provided by operating activities	<u>(2,764,285)</u>	<u>88,561</u>
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	<u>(62,973)</u>	<u>(206,047)</u>
Net cash provided by (used in) capital and related financing activities	<u>1,986,388</u>	<u>(685,465)</u>
Cash flows from investing activities:		
Interest and investment earnings	<u>9,831</u>	<u>136,456</u>
Net cash provided by investing activities	<u>9,831</u>	<u>136,456</u>
Net decrease in cash and cash equivalents	(768,066)	(460,448)
Cash and cash equivalents, beginning of year	<u>1,123,038</u>	<u>1,583,486</u>
Cash and cash equivalents, end of year	<u>\$ 354,972</u>	<u>1,123,038</u>
Reconciliation of operating loss to net cash (used in) provided by operating activities:		
Operating loss	\$ <u>(971,185)</u>	<u>(576,284)</u>
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	<u>(1,636,686)</u>	<u>(857,103)</u>
Total adjustments	<u>(1,793,100)</u>	<u>664,845</u>
Net cash (used in) provided by operating activities	<u>\$ (2,764,285)</u>	<u>88,561</u>

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:

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

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

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

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	10%
Commercial Paper – Non-Pooled Funds	270 days	Agency's money	
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:

	<u>2023</u>	<u>2022</u>
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	<u>(1,572,335)</u>	<u>(1,623,819)</u>
Total investment in capital assets	<u>29,019,492</u>	<u>27,339,091</u>
Unrestricted net position	<u>15,579,829</u>	<u>14,124,753</u>
Total net position	<u>\$ 44,599,321</u>	<u>41,463,844</u>

(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



C.J. Brown & Company CPAs
An Accountancy Corporation

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

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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
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

Puente Basin Water Agency

Management Report

June 30, 2023



C.J. Brown & Company CPAs
An Accountancy Corporation

Puente Basin Water Agency

Management Report

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Jonathan Abadesco, CPA
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CONFIDENTIAL

Board of Commissioners
Puente Basin Water Agency
Walnut, California

Dear Commissioners of the Board:

In planning and performing our audit of the financial statements of the Puente Basin Water Agency (Agency) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

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

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

This communication is intended solely for the information and use of management, the Board of Commissioners, and others within the Agency, and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

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

C.J. Brown & Company, CPAs

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

APPENDIX

Puente Basin Water Agency

Audit/Finance Committee Letter

June 30, 2023



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

C.J. Brown & Company CPAs

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Board of Commissioners
Puente Basin Water Agency
Walnut, California

We have audited the financial statements of the business-type activities of the Puente Basin Water Agency (Agency) for the year ended June 30, 2023, and have issued our report thereon dated December 7, 2023]. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

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

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

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

If any, we have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated December 7, 2023].

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

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

Required Risk Assessment Procedures per Auditing Standards:

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

- Management override of controls
- Revenue recognition

Qualitative Aspects of the Entity’s Significant Accounting Practices

Significant Accounting Policies

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

Significant Accounting Estimates

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

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

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

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements were:

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

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

Significant Unusual Transactions

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

Identified or Suspected Fraud

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

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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

Disagreements with Management

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

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

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

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated December 7, 2023].

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

Conclusion

We appreciate the cooperation extended us by Jared Macias, Administrative Officer, Myra Malner, Treasurer, and the Agency's staff, in the performance of our audit testwork. We will be pleased to respond to any question you have about the foregoing. We appreciate the opportunity to continue to be of service to the Agency.

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

C.J. Brown & Company, CPAs

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



**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

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

**Pomona-Walnut-Rowland Joint Water Line Commission
Tom Monk, Administrative Officer
3021 Fullerton Road
Rowland Heights, California 91748
(562) 697-1726 – www.rowlandwater.com**

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

Annual Financial Report

For the Fiscal Years Ended June 30, 2023 and 2022

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



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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					
	2023	2022	Change	2021	Change
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	1,419,371	1,447,551	(28,180)	1,475,731	(28,180)
Total assets	5,907,296	6,515,509	(608,213)	7,184,011	(668,502)
Liabilities:					
Current liabilities	2,733,008	3,391,579	(658,571)	4,071,166	(679,587)
Total liabilities	2,733,008	3,391,579	(658,571)	4,071,166	(679,587)
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	865,228	830,013	35,215	834,071	(4,058)
Total net position	\$ 3,174,288	3,123,930	50,358	3,112,845	11,085

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.)	<u>21,098,994</u>	<u>17,653,696</u>	<u>(3,445,298)</u>	<u>16.33%</u>
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	<u>43,323</u>	<u>43,323</u>	<u>-</u>	<u>-</u>
Total capital contributions	<u>43,323</u>	<u>43,323</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(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 Actual</u>	<u>2023 Budget</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues:				
Operating revenues	\$ 21,206,417	20,648,994	(557,423)	-2.63%
Non-operating revenues	<u>2,118</u>	<u>7,000</u>	<u>4,882</u>	<u>230.50%</u>
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	<u>13,509</u>	<u>-</u>	<u>13,509</u>	<u>100.00%</u>
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	<u>43,323</u>	<u>43,323</u>	<u>-</u>	<u>-</u>
Total capital contributions	<u>43,323</u>	<u>43,323</u>	<u>-</u>	<u>-</u>
Change in net position	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

	<u>2023</u>	<u>2022</u>
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	<u>1,540</u>	<u>1,458</u>
Total current assets	<u>3,598,236</u>	<u>4,221,592</u>
Restricted Assets		
Cash and cash equivalents (note 2)	878,858	835,535
Accounts receivable	<u>10,831</u>	<u>10,831</u>
Total restricted assets	<u>889,689</u>	<u>846,366</u>
Non-current assets:		
Capital assets – being depreciated, net (note 3)	<u>1,419,371</u>	<u>1,447,551</u>
Total non-current assets	<u>1,419,371</u>	<u>1,447,551</u>
Total assets	<u>5,907,296</u>	<u>6,515,509</u>
Current liabilities:		
Accounts payable	<u>2,733,008</u>	<u>3,391,579</u>
Total current liabilities	<u>2,733,008</u>	<u>3,391,579</u>
Total liabilities	<u>2,733,008</u>	<u>3,391,579</u>
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	<u>865,228</u>	<u>830,013</u>
Total net position	<u>\$ 3,174,288</u>	<u>3,123,930</u>

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

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

See accompanying notes to the basic financial statements

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

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

See accompanying notes to the basic financial statements

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

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

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

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

B. Basis of Accounting and Measurement Focus

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

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

C. Financial Reporting

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

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

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

C. Financial Reporting, continued

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

Governmental Accounting Standards Board Statement No. 91

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

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

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

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

Governmental Accounting Standards Board Statement No. 93

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

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

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

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

C. Financial Reporting, continued

Governmental Accounting Standards Board Statement No. 94

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

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

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

Governmental Accounting Standards Board Statement No. 96

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

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

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

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

C. Financial Reporting, continued

Governmental Accounting Standards Board Statement No. 97

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

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

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

1. Use of Estimates

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

2. Cash and Cash Equivalents

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

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

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

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

3. Investments and Investment Policy

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

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

4. Fair Value Measurements

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

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

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

5. Restricted Assets

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

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

6. Accounts Receivable and Allowance for Uncollectible Accounts

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

7. Prepaid Expenses

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

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

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

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

8. Capital Assets

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

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

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

9. Net Position

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

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

10. Water Sales and Services

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

11. Capital Contributions

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

12. Budgetary Policies

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

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

(2) Cash and Cash Equivalents

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

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

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

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

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

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

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

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

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:

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

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

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

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

(3) Capital Assets, continued

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

(4) Net Position

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

	<u>2023</u>	<u>2022</u>
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:	<u>865,228</u>	<u>830,013</u>
Total net position	<u>\$ 3,174,288</u>	<u>3,123,930</u>

(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



Christopher J. Brown, CPA, CGMA
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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

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

Management Report

June 30, 2023



C.J. Brown & Company CPAs
An Accountancy Corporation

Pomona-Walnut-Rowland Joint Water Line Commission

Management Report

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C.J. Brown & Company CPAs

An Accountancy Corporation

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CONFIDENTIAL

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

Dear Members of the Board:

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

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

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

Current Year Comments and Recommendations

No Comments Noted

Prior Year Comments and Recommendations

Disclosure of Audit Adjustments and Reclassifications

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

Management's Response

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

* * * * *

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

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

C.J. Brown & Company, CPAs

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

APPENDIX

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

Audit/Finance Committee Letter

June 30, 2023



C.J. Brown & Company CPAs

An Accountancy Corporation

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

We have audited the financial statements of the business-type activities of the Pomona-Walnut-Rowland Joint Water Line Commission (Commission) for the year ended June 30, 2023, and have issued our report thereon dated December 7, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

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

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

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

If any, we have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated December 7, 2023.

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

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

Required Risk Assessment Procedures per Auditing Standards:

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

- Management override of controls
- Revenue recognition

Qualitative Aspects of the Entity’s Significant Accounting Practices

Significant Accounting Policies

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

Significant Accounting Estimates

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

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

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

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

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

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

Significant Unusual Transactions

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

Identified or Suspected Fraud

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

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

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

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

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

Disagreements with Management

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

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

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

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated December 7, 2023.

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

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

Conclusion

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

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

C.J. Brown & Company, CPAs

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



IRS issues standard mileage rates for 2024; mileage rate increases to 67 cents a mile, up 1.5 cents from 2023

IR-2023-239, Dec. 14, 2023

WASHINGTON — The Internal Revenue Service today issued the 2024 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

Beginning on Jan. 1, 2024, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 67 cents per mile driven for business use, up 1.5 cents from 2023.
- 21 cents per mile driven for medical or moving purposes for qualified active-duty members of the Armed Forces, a decrease of 1 cent from 2023.
- 14 cents per mile driven in service of charitable organizations; the rate is set by statute and remains unchanged from 2023.

These rates apply to electric and hybrid-electric automobiles as well as gasoline and diesel-powered vehicles.

The standard mileage rate for business use is based on an annual study of the fixed and variable costs of operating an automobile. The rate for medical and moving purposes is based on the variable costs.

It is important to note that under the Tax Cuts and Jobs Act, taxpayers cannot claim a miscellaneous itemized deduction for unreimbursed employee travel expenses. Taxpayers also cannot claim a deduction for moving expenses, unless they are members of the Armed Forces on active duty moving under orders to a permanent change of station. For more details see [Moving expenses for members of the armed forces](#).

Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates.

Taxpayers can use the standard mileage rate but generally must opt to use it in the first year the car is available for business use. Then, in later years, they can choose either the standard mileage rate or actual expenses. Leased vehicles must use the standard mileage rate method for the entire lease period (including renewals) if the

standard mileage rate is chosen.

[Notice 2024-08](#) [PDF](#) contains the optional 2024 standard mileage rates, as well as the maximum automobile cost used to calculate the allowance under a fixed and variable rate (FAVR) plan. In addition, the notice provides the maximum fair market value of employer-provided automobiles first made available to employees for personal use in calendar year 2024 for which employers may use the fleet-average valuation rule in or the vehicle cents-per-mile valuation rule.

Page Last Reviewed or Updated: 14-Dec-2023

Rowland Water District – Board Report

January 9, 2024



Customer Communications

- Understanding the Colorado River Water Supply
 - Video FAQs Drafts Complete
 - FAQ Handout Draft
 - Website and social media outreach
- Continued Lobby Design Development



District Outreach

New Podcast Interviews Being Secured
Water Reuse Conference planning
Updating “Where Does Your Water Come From?” video



Website/Graphics Enhancements

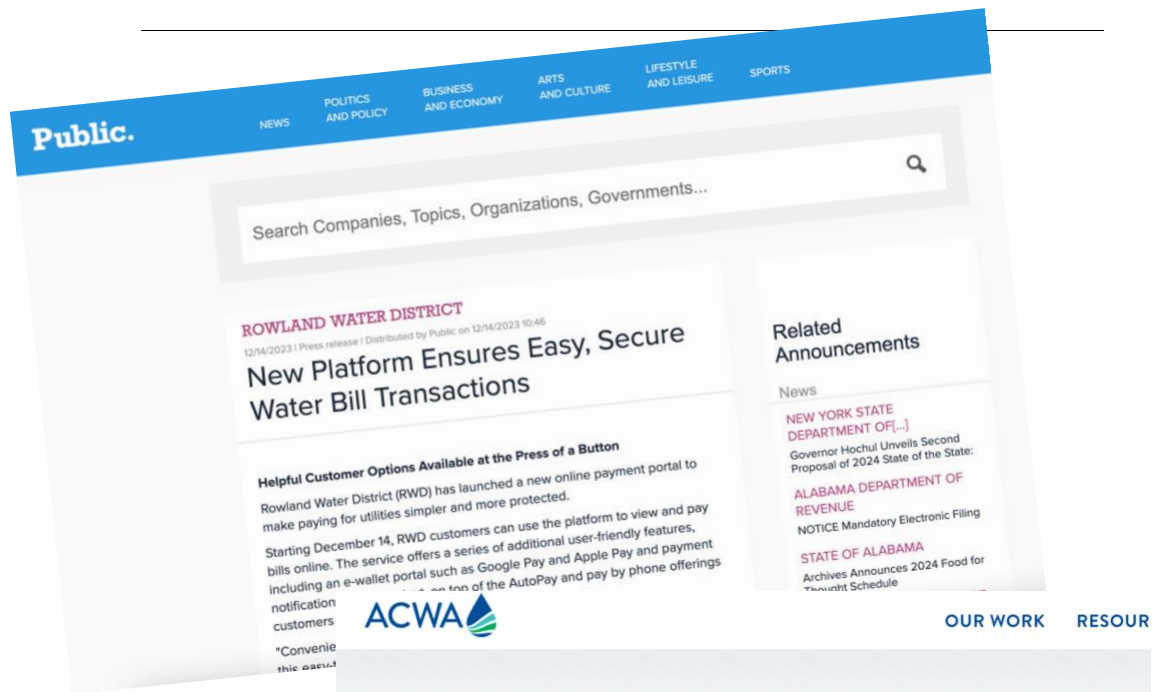
Updated videos and sliders as needed
Branding elements revised per guidelines
Development of lobby concepts and mock-ups





Press Releases/Earned Media

New Payment Portal
Credit Rating Increase



HOME / NEWSROOM

LOCAL WATER DISTRICT INTERNSHIP PROGRAM BOOSTS CAREER PROSPECTS

BY ROWLAND WATER DISTRICT DEC 1, 2023 MEMBER SUBMITTED NEWS

ROWLAND HEIGHTS – Rowland Water District (RWD) representatives Allen Davidson, Elisabeth Mendez, and Dusty Moisio delivered highly informative presentations at Mt. San Antonio College (Mt. SAC) recently, sharing details about the District's internship program and available opportunities.

Mr. Davidson, Mrs. Mendez, and Mr. Moisio highlighted the program's positive impact on students' professional and personal growth by showing how it helps prospective interns develop new skills and acquire valuable field experience. The presentations provided insight into the District's culture and values, offering applicants a clear understanding of what to expect should they decide to join the RWD team.





Community & Education Outreach Update

January 9, 2024

SOCIAL MEDIA

#DiscoverRWD #RowlandConnections #RWDeducation #WaterFacts

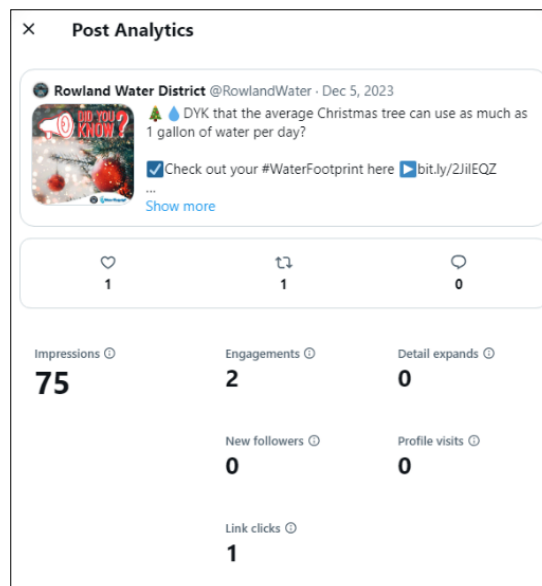
Rowland Water District continually posts updates regarding District information, careers in water, conservation, and water education. These posts are shared on Facebook, Instagram X/Twitter, and YouTube when necessary. See below for our social media engagement:



X/Twitter:

Measurement	Total
Followers	793
Tweets	7
Engagement	28
Impressions	277
Post Retweets	2

Top Performing Tweet:

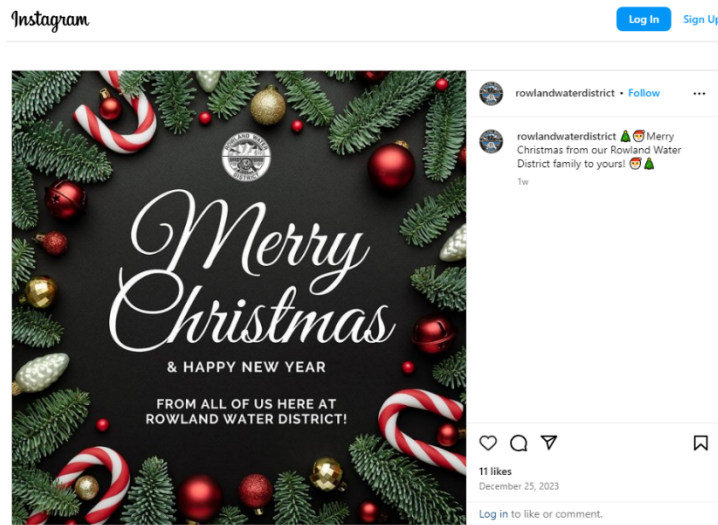




Instagram:

Measurement	Total
Total Followers	1,300
Post Engagement	31
Post Impressions <i>(Total number of times post have been seen)</i>	1,100
Profile Impressions	1,100

Instagram Top Performing Post/Reel:



Website – December 2023



Measurement	Total
Users	5,700
New Users	4,600
Returning Visitor	2,000
Pageviews	21,162



CONSTANT CONTACT- Electronic information sent to customer emails.

Total Active Contacts-14,500



COMMUNITY & EDUCATION ENGAGEMENT

Water Bottle Filling Stations - A total of three (3) water bottle filling stations were installed during winter break at Nogales and Santana High Schools. RWD staff will soon deliver 2,030 reusable bottles (the amount to be split amongst the schools) for the student body, administrative staff, and teachers at each school.

2024 Landscape Classes - RWD staff is in the process of scheduling the 2024 series of in-person landscape classes. Once scheduled, residents will be invited to attend and upon completion of the class, will be given a conservation giveaway.

Mini Solar Challenge - 305 students are participating by their teachers to participate in RWD's 2023-24 Mini Solar Challenge. RWD will invite these 103 teams to race their solar mini "boats" in March 2024 at a local high school. Following RWD's local challenge, the top team will then compete against Valley County Water District's team at the first-ever regional mini-solar competition. Details of this regional event are in discussion with PWAG's Conservation and Education Team.

Scholar Dollar Contest - High School principals and English teachers have been asked to share details of the Scholar Dollar scholarship program with the senior class student body. This is a great opportunity for four students to receive \$1,000, payable to an educational institution upon proof of enrollment. Application details and requirements may be accessed by visiting <https://pwagcet.org/scholar-dollars/>.

Other Water Education/Outreach Activities - Staff continues attending monthly Conservation and Education Team (CET) meetings. Teachers are encouraged to visit: <https://pwagcet.org/> for resources on water-related lessons and grants.



CHAPTER AFFILIATION AGREEMENT

THIS AGREEMENT (the "Agreement") is made this _____ day of _____, 2014, by and between **California Special Districts Association**, a 501(c)(6) California nonprofit corporation, with its principal place of business at 1112 I Street, Suite 200, Sacramento, CA 95814 ("CSDA"), and _____, an unincorporated business association, with its principal place of business at _____, CA (hereinafter "Chapter").

RECITALS

A. CSDA is a California nonprofit public benefit corporation representing different types of special districts which provide a wide variety of public services to California communities. The purposes and objectives of the CSDA are to advance the vital public interest in effective, efficient and responsive local government, specifically by providing educational, legislative advocacy, financing, and insurance services to California special districts;

B. Chapter desires to obtain the right to use CSDA's name, logo, membership mailing list, endorsement, technical assistance and staff support and other CSDA Intellectual Property in connection with Chapter's activities including conducting programs for the continuing education of special district officials and employees, research projects on local special district issues of concern to Chapter's member special districts, legislative outreach on legislative issues of importance to individual chapters and their members, and supporting chapter outreach programs to educate the public about the operations of special districts within the jurisdictional boundaries of the Chapter (hereinafter the "Chapter Program");

C. CSDA is willing to provide its endorsement and technical support services to Chapter and permit Chapter to use its name, logo, membership list and other Intellectual Property in connection with the operation of the Chapter Program, on the terms and conditions specified in this Agreement.

D. The Boards of Directors of CSDA and Chapter hereby reaffirm that the relationship of CSDA and Chapter to each other is that of Licensee and Licensors. This agreement is not intended by the parties to create any association, joint venture, partnership, or agency relationship of any kind between CSDA and Chapter. Neither CSDA nor Chapter is authorized to incur any liability, obligation or expense on behalf of the other, to use the other's monetary credit in conducting any activities under this Agreement, or to represent that CSDA is in the business of providing services comprising the Chapter Program, other than CSDA's endorsement and technical support of the Chapter Program. It is the intent of both CSDA and Chapter that the terms and conditions of this Agreement be interpreted to advance the stated intent of the parties to remain autonomous organizations, each seeking to fulfill its respective stated mission and offer programs that accomplish each party's business goals and objectives.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and agreements set forth herein, the parties hereby agree as follows:

I. License of Intellectual Property.

A. Definition of Intellectual Property.

1. "Intellectual Property" of CSDA includes, but is not limited to use of its name (to include both "California Special Districts Association" and the "CSDA" acronym), logo, and membership mailing and electronic mail list with respect to past, current or prospective members of CSDA located within Chapter's

geographic area; copyrighted, trademarked or proprietary information and materials prepared by CSDA and provided by CSDA to Chapter pursuant to the provisions of this Agreement; and all other Intellectual Property rights including the know-how, licenses, trade secrets, proprietary programs and processes of CSDA.

B. Limited License of Name, Logo, Membership Mailing List and Intellectual Property.

1. CSDA hereby grants a conditional, revocable, nonexclusive license to Chapter to use its name, acronym, logo, membership mailing list, and other Intellectual Property in connection with Chapter's operation of the Chapter Program. In addition, CSDA hereby agrees to provide its public endorsement of the Chapter Program. Chapter hereby accepts the grant of such license and the endorsement of its Chapter Program.

2. Chapter agrees that the license granted hereunder, the promotion and endorsement of the Chapter Program, and the usage of CSDA's name, logo, membership mailing list, and other Intellectual Property shall be restricted to the operation and promotion of the Chapter Program to existing and potential members of the Chapter. Chapter further agrees to protect the name and goodwill of CSDA throughout the term of this agreement.

3. Chapter agrees that it shall not use, or permit any person or entity other than Chapter members to use, CSDA's name, logo, membership mailing list, and other Intellectual Property, for any purpose without the prior written consent of CSDA. Chapter further agrees to keep CSDA's membership mailing list in strict confidence and to not sell or disclose such mailing list or its contents to any third party in any manner, except with the prior written consent of CSDA.

4. Upon termination or expiration of this Agreement, Chapter shall: (i) immediately cease utilization of CSDA's name, logo, membership mailing list, and other Intellectual Property in connection with the Chapter Program or for any other purpose; (ii) immediately return to CSDA all originals and copies of CSDA's name, logo, membership mailing list, and other Intellectual Property (whether in printed, electronic, recorded, or other tangible form); and (iii) discard or destroy all copies thereof.

C. Review and Approval. In order to protect the reputation and goodwill of CSDA, Chapter shall provide CSDA with the right to review and pre-approve all uses of CSDA's name, logo, membership mailing list, and other Intellectual Property or any portion thereof, by chapter and its member districts and agents. Chapter shall submit to CSDA a copy of the intended use of CSDA's name, logo, membership mailing list, and other Intellectual Property or proposed endorsement materials to CSDA. CSDA shall have ten (10) days to approve or disapprove such use by the Chapter of the proposed materials. If CSDA fails to respond within ten (10) days of receipt of such materials, their silence shall be deemed approval of the Chapter's proposed use.

D. Conditions to Limited License of Intellectual Property.

This Limited License of Intellectual Property is granted by CSDA to Chapter subject to satisfaction of each and all of the following conditions.

1. Chapter must provide copies of its bylaws to CSDA for review and approval for consistency with the Articles of Incorporation and bylaws of CSDA. Receipt and approval of the Chapter's bylaws CSDA is confirmed by execution of this Agreement. Chapter agrees to provide copies of all amendments to the bylaws of the Chapter to CSDA during the term of this Agreement.

2. Chapter agrees to comply with those requirements specified in CSDA bylaws regarding Chapters.

3. Chapter shall comply with all federal, state and local laws, regulations and ordinances.

4. Chapter will establish membership requirements that are based on guidelines established by the CSDA bylaws. (Exhibit A)

5. Chapter agrees to appoint a Communications Liaison to facilitate communication between Chapter and CSDA. The Communications Liaison shall be a member district of both the Chapter and CSDA.

II. Description of Services.

CSDA shall provide the following services to Chapter pursuant to the terms and conditions of this Agreement: (1) provide training and assistance in issues regarding governance and operations of the Chapter and its member districts including but not limited to leadership training, district training certification, and legislative updates. In addition, CSDA shall provide the Chapter access to services of its endorsed business affiliates for supplemental services which may be of value to individual special district Chapter members; (2) CSDA agrees to promote Chapter activities in its regular communications to all CSDA members.

Chapter agrees to provide the following services pursuant to the terms and conditions of this Agreement: (1) conduct educational, outreach and other programs and activities the purposes of which do not conflict with the stated purposes of CSDA; (2) agrees to periodically inform its members of CSDA programs, activities, services and legislative alerts; (3) Chapter agrees to maintain regular communication with CSDA and share general information of interest to both parties; and (4) Chapter agrees that it will not, during the term of this Agreement, represent itself as a Chapter of CSDA and publish a legislative position or a position on a valid initiative that is in opposition to one taken by CSDA. This representation does not preclude individual special district members of the Chapter from taking their own respective positions on pending legislation and/or ballot initiatives affecting special districts.

III. Confidential Information.

A. Both CSDA and Chapter may disclose certain confidential information and trade secrets ("Confidential Information") concerning the operations of their respective businesses in connection with entering into this Agreement and performing their obligations herein. Such Confidential Information includes, but is not limited to the manner and terms under which services are provided or will be provided to their respective members. Each party agrees, on behalf of itself and its members, and other persons to whom disclosure of the Confidential Information is permitted hereunder, to keep confidential, and not use, disclose or publish the Confidential Information other than as permitted under the terms of this Agreement.

B. Each party acknowledges and agrees that the Confidential Information of the other parties is confidential and proprietary, and that any and all Confidential Information shall remain strictly confidential among the parties, and shall not be disclosed, used or published except as specifically permitted under the terms of this Agreement

C. The parties' obligations under this Article shall survive the termination of this Agreement. In addition, upon termination or revocation of the license contemplated hereunder, or upon expiration or earlier termination of this Agreement, all Confidential Information transmitted to the receiving party by the disclosing party and any copies thereof made by the receiving party will be destroyed or, at the disclosing party's written request, promptly returned to the disclosing party.

IV Term and Termination. This Agreement shall be effective as of the date and year first above written and shall remain in full force and effect until terminated at any time by either party, without cause, upon giving to the other party not less than sixty (60) working days' prior written notice of an election to terminate this Agreement. Failure by Chapter to comply with the conditions for issuance of the limited license specified in

Sections 1B, 1C and 1D hereof may lead to suspension or revocation of this license by CSDA. Upon termination of this Agreement, the license granted hereby shall be deemed to have been revoked by CSDA.

V. Indemnification and Insurance.

A. Indemnification.

1. Except as otherwise provided in this Agreement, each party shall indemnify, defend, and hold harmless the other party, and its governing board, officers, employees, agents and representatives, from and against any and all liabilities, obligations, losses, damages, penalties, fines, claims, actions, suits, costs and expenses, (including legal fees and expenses) of any kind whatsoever, asserted against, incurred or suffered by the other party, or its governing board, officers, employees, agents or representatives, by reason of personal injury or property damage resulting in any way from: (a) any negligent or intentional act by it or any of its officers, employees, agents or representatives in the performance of services or obligations hereunder; or (b) any negligent omission or failure to act when under a duty to act on its part or the part of any of its officers, employees, agents or representatives in the performance of services or obligations hereunder.

B. Insurance. In order to assure the indemnity described in this Section both CSDA and Chapter shall, at its sole expense, carry and keep in full force and effect at all times during the Term of this Agreement a liability insurance policy with a single limit of at least 1 million dollars (\$1,000,000) to cover potential liability to third parties arising from the operation of the Chapter Program. Each party shall name the other party as an additional insured on such insurance policy, and such insurance policy shall contain a provision by which the insurer agrees that such policy shall not be cancelled except after thirty (30) days written notice to Association. Each party shall provide to the other, within thirty (30) days of the commencement of the initial Term of this Agreement, a copy of the certificate evidencing such insurance policy. The indemnification under this Agreement shall in no way be limited by the extent of insurance coverage. The provisions of this Section shall survive any termination or expiration of this Agreement.

1. As an alternative to providing an insurance policy pursuant to Section V.B., Chapter may assure the indemnity obligations specified in Section V.A. by providing a written certificate from each member district of Chapter certifying that all employees of such Chapter member district participating in Chapter activities as part of the Chapter Program, are acting within the course and scope of their duties for the individual Chapter member, and that the individual Chapter member's insurance policies provide general liability coverage for all such member district employees participating in Chapter activities. (Exhibit B)

VI. MEDIATION.

(a). The Parties agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action. Mediation fees, if any, shall be divided equally among the parties involved. If, for any dispute or claim to which this paragraph applies, any party commences an action without first attempting to resolve the matter through mediation, or refuses to mediate after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to the party in any such action.

VII. Warranties. Each party covenants, warrants and represents that it shall comply with all laws and regulations applicable to this Agreement, and that it shall exercise due care and act in good faith at all times in performance of its obligations under this Agreement. The provisions of this Section shall survive any termination or expiration of this Agreement.

VIII. Waiver. Either party's waiver of, or failure to exercise, any right provided for in this Agreement shall not be deemed a waiver of any further or future right under this Agreement.

IX. Governing Law. All questions with respect to the construction, performance and enforcement of this Agreement, and the rights and liabilities of the parties hereunder, shall be determined in accordance with the laws of the State of California. Any legal action taken or to be taken by either party regarding this Agreement or the rights and liabilities of parties hereunder shall be brought only before a federal, state or local court of competent jurisdiction located within the State of California. Each party hereby consents to, and agrees not to contest, the jurisdiction of the federal, state and local courts located within the State of California.

X. Headings. The headings of the various paragraphs hereof are intended solely for the convenience of reference and are not intended for any purpose whatsoever to explain, modify or place any construction upon any of the provisions of this Agreement.

XI. Assignment. This Agreement may not be assigned, or the rights granted hereunder transferred or sub-licensed, by either party without the express prior written consent of the other party.

XII. Heirs, Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of each party, its subsidiaries, affiliates, related entities, partners, agents, officers, directors, employees, heirs, successors, and assigns, without regard to whether it is expressly acknowledged in any instrument of succession or assignment.

XIII. Counterparts. This Agreement may be executed in one (1) or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one (1) and the same instrument.

XIV. Entire Agreement. This Agreement: (i) constitutes the entire agreement between the parties hereto with respect to the subject matter hereof; (ii) supersedes and replaces all prior agreements, oral and written, between the parties relating to the subject matter hereof; and (iii) may be amended only by a written instrument clearly setting forth the amendment(s) and executed by both parties.

XV. Independent Agreement. This Agreement is an independent agreement which is not in any way contingent upon or related to any other contractual obligations of the parties. The royalties and price discounts provided by Company herein are solely in consideration for the license of Association's name, logo and membership mailing list.

XVI. Severability. All provisions of this Agreement are severable. If any provision or portion hereof is determined to be unenforceable in arbitration or by a court of competent jurisdiction, then the remaining portion of the Agreement shall remain in full effect.

XVII. Notice. All notices and demands of any kind or nature that either party to this Agreement may be required or may desire to serve upon the other in connection with this Agreement shall be in writing and may be served personally, by certified mail, or by commercial overnight courier (e.g., Federal Express), with constructive receipt deemed to have occurred 3 calendar days after the mailing or sending of such notice, to the following addresses:

If to CSDA: California Special Districts Association
 1112 I Street, Suite 200
 Sacramento, CA 95814
 Attn.: Neil McCormick, Executive Director

If to Chapter:

* * * * *

IN WITNESS WHEREOF, the parties hereto have caused duplicate originals of this Agreement to be executed by their respective duly authorized representatives as of the date and year first above written.

California Special Districts Association
Contact: Neil McCormick, Executive Director
1112 I Street, Suite 200
Sacramento, CA 95814
T – 916.442.7887

By: _____
Neil McCormick
Executive Director
Date: _____

By: _____
Date: _____

Exhibit A

ARTICLE VIII – LOCAL CHAPTERS

Section 1. Purpose:

The purpose of local chapters is to provide a local forum of members for the discussion, consideration and interchange of ideas concerning matters relating to the purposes and powers of special districts and the CSDA.

The local chapters may meet to discuss issues bearing upon special districts and the CSDA. The chapters may make recommendations to the CSDA's Board of Directors.

Section 2. Organization:

The regular voting members of the CSDA are encouraged to create and establish local chapters. Each of the following existing chapters must have at least one (1) CSDA member in their membership at all times: Alameda, Butte, Contra Costa, Kern, Marin, Monterey, Orange (ISDOC), Placer, Sacramento, San Bernardino, San Diego, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara and Ventura. These existing chapters are strongly encouraged to have all district members as CSDA members, however the existing local chapter may include members of local organizations, districts and professionals who are not members of the CSDA.

New chapters formed after August 1, 2011 are required to have 100 percent of their district members as CSDA members in order to be a chapter affiliate of CSDA. The existing local chapter may include members of local organizations and professionals who are not members of CSDA.

Local chapters shall be determined to be affiliates of the CSDA upon approval and ratification by the Board of Directors of the CSDA. The chapters shall be required to provide updated membership lists to the CSDA at least annually.

CSDA and its local chapters shall not become or deem to be partners or joint ventures with each other by reason of the provisions of these Bylaws.

Section 3. Rules, Regulations and Meetings:

Each local chapter shall adopt such rules and regulations, meeting place and times as the membership of such local chapter may decide by majority vote. Rules and regulations of the local chapter shall not be inconsistent with the Articles of Incorporation or Bylaws of the CSDA.

Section 4. Financing of Local Chapters:

No part of the CSDA's funds shall be used for the operation of the local chapter affiliates. The CSDA is not responsible for the debts, obligations, acts or omissions of its local chapters.

Section 5. Legislative Program Participation:

Local chapters may function as a forum in regard to federal, state and local legislative issues. The chapters may assist the CSDA in the distribution of information to their members.

Exhibit B

Sample Certificate for Liability Coverage

The undersigned, being duly authorized to execute this Certificate on behalf of the Board of Directors of _____ (name of special district) (hereinafter the "District") hereby affirm the following:

1. That the participation by employees and members of the Board of Directors of District in the meetings and activities conducted by the _____ Chapter of the California Special Districts Association have been authorized by the District's Board of Directors; and that the Board of Directors has found such activities constitute activities in the course and scope of such individual's employment with or position of director with the District.



December 14, 2023

Mr. Tom Coleman, General Manager
Rowland Water District
3021 S. Fullerton Road
Rowland Heights, California 91748

RE: ANNUAL LOSS REVIEW AND RISK ASSESSMENT VISIT

Dear Mr. Coleman:

Visiting Rowland Water District on November 7, 2022, was a pleasure. Thank you for taking the time to meet. Please extend my appreciation to Dusty Moio, Assistant General Manager; Elisabeth Mendez, Compliance and Safety Manager; and Allen Davidson, Director of Operations. The purpose was to review loss histories, District operations, and risk exposures, aiming for opportunities to reduce the potential for losses.

Loss Review

The District's loss history review highlighted information on claims paid over the last five policy years. These claims impact Experience Modification Rates (E-Mod) and coverage costs the most. Periodic loss review may assist the staff in identifying trends, implementing actions to reduce exposures, and preventing future losses. An emphasis was made on best practices that help keep exposure at a minimum. Any E-Mod below 1.0 is positive and indicates savings to a member. There is no E-Mod in the JPIA's Property Program.

Members are requested to complete an accident investigation and send it to the JPIA whenever a claim is filed. This allows us to review corrective actions and work with members to reduce the possibility of future incidents. Your staff's efforts to investigate incidents are appreciated.

Workers' Compensation (WC) - The District's current WC E-Mod is 1.03. There were zero claims reported last policy year. Nine valued claims were reported over the last five years related to ergonomics, work practices, and animal/insect bites. Rowland Water District (RWD) continues to work to investigate incidents to reduce the frequency and cost of these claims. It was great hearing that the District has been recognized for its rigorous safety standards with the National Safety Council's 2023 Occupational Excellence Achievement Award. Congratulations!

The following resources are available to JPIA members to enhance their existing loss reduction programs:

Mr. Tom Coleman, General Manager
Rowland Water District
December 14, 2023
Page 2

- [JPIA Sample Ergonomic Site Survey Worksheet](#)
- [JPIA Sample Field Job Safety Analysis](#)
- [JPIA Sample PPE Hazard Assessment Form](#)

These resources are designed to support sustainable controls. To further enhance the District's risk reduction programs, staff may find value in completing these actions to capture any lessons learned. Consider capturing the assessment of frequent employee tasks on the field job safety analysis form, like meter replacement/repair. Following up with a PPE hazard assessment can enhance the availability of appropriate PPE for employees and reinforce the importance of use. The JPIA recently added [Section 28 – Plants, Insects and Animals](#) to the Risk Control Manual, which was reviewed during the visit. The resources in this section make great tailgate meeting topics for staff. The Job Hazard Analysis and PPE Hazard Assessment can become future [H.R. LaBounty Safety Award](#) nominations. It would be great to see a Rowland Water District submission; the next round is due on or before February 1, 2024.

Liability - The District's current liability E-Mod is 1.14. There were zero reported claims last policy year. Four valued claims were reported over the last five years related to water main breaks and vehicular incidents. Elizabeth, Allen, and Dusty shared that the District has worked to enhance its Advanced Metering Infrastructure which improves capabilities in leak detection and decreases employee vehicle travel time. They also shared that the District has invested in equipment to improve emergency response. Staff is praised for their efforts in risk control.

Property - Congratulations on receiving the JPIA's President's Special Recognition Award in the Property Program. Each year at the Fall Conference, the JPIA recognizes members that have a Loss Ratio of 20 percent or less. The data for this calculation is for three years, 2019-2022, as of September 30, 2023. A printed award will be mailed to the District. Also, it was encouraging to hear of efforts to continuously improve security measures at District sites.

As a reminder, any new property, assets, or other equipment must now be added within 90 days of acquisition to ensure proper coverage; the additional premium will be pro-rated. Existing assets exceeding \$100,000 may be submitted for mid-year coverage and a full year's premium will be invoiced. For detailed questions about coverage changes, please contact [Nidia Watkins](#) in Member Services at (916) 786-5742.

Program Contacts

Please continue to contact me directly with any questions or concerns. If there are any program-specific questions, JPIA contacts are provided below:

- Liability and Property claims: [Jennifer Nogosek \(jnogosek@acwaipia.com\)](mailto:jnogosek@acwaipia.com), JPIA Liability and Property Claims Manager.
- Workers' Compensation claims: [Erin Bowles \(ebowles@acwaipia.com\)](mailto:ebowles@acwaipia.com), Workers' Compensation Claims Manager.
- Risk Transfer and Coverage questions: [Nidia Watkins \(nwatkins@acwaipia.com\)](mailto:nwatkins@acwaipia.com), Member Services Representative, Phone (916) 786-5742.
- Human Resources: [Tony Waterford \(twaterford@acwaipia.com\)](mailto:twaterford@acwaipia.com), Human Resources Manager.

Employee Training

Elizabeth and Allen shared how they continue to leverage the VectorSolutions training resources, and we discussed in-person training opportunities including Trenching and Excavation and Temporary Traffic Control. Before scheduling JPIA training, members are asked to provide related District program documents. These course measurements are designed to support more effective training and the sustainability of member programs. During training events, the district-identified person most knowledgeable on the subject matter should be present to discuss RWD's policies and procedures. As your assigned Risk Control Advisor, I am happy to work with staff to identify program gaps and develop improvement plans.

Field-ready tools to support the District's efforts to maintain written records to show the designation and responsibilities of assigned individuals can be found in our Risk Control Manual, including:

Section 12 – Excavation and Locating / 811 Best Practices

- [JPIA Sample Trench Competent Person Assignment Form](#)
- [JPIA Trench Inspection and Entry Authorization](#)

Section 21 – Temporary Traffic Control and Flagging Operations

- [JPIA Sample Traffic Control Supervisor Authorization Form](#)
- [JPIA Sample Traffic Control Flagger Authorization Form](#)

2023/24 Risk Focus Items

The JPIA highlights the following risk reduction and loss control programs in the 2023/24 policy year. Our goal is to promote implementing best practices that may limit exposure and reduce losses to the membership.

Heavy Equipment Operation - JPIA members have experienced an increase in equipment-related claims over the last few years. To reduce the likelihood of these claims, it is recommended to follow the equipment manufacturer's operating manual on routine, interval, and/or pre-use inspections, and any related maintenance schedule. Developing procedures based on the manufacturer's operating manual to assist employees with appropriate use and to avoid hazardous situations is a best practice. RWD reported that the staff operates various types of heavy equipment including loaders, backhoes, and dump trucks. It was encouraging to learn that the District utilizes skilled operators and that an on-the-job training program is maintained.

Conditions Assessments – Asset identification, preventative maintenance, and water loss monitoring help to control waterline failure risks. Conditions assessments can assist members in identifying infrastructure risks, prioritizing pipe replacement programs, and implementing solutions based on the system conditions and characteristics. It was good to hear that RWD conducts condition assessments and that it has an active pipe replacement program addressed in its Capital Improvement Plans. Staff reported that it uses the State Water Resource Control Board's Electronic Annual Reporting System to report public water system infrastructure demographics.

Mr. Tom Coleman, General Manager
Rowland Water District
December 14, 2023
Page 4

Telematics – This is a method of monitoring fleet/equipment using GPS technology and available on-board diagnostic systems. The tool allows members to monitor fleet/equipment use, conditions for proper maintenance, and location for the protection of the employee and the asset. Elizabeth, Allen, and Dusty reported that the District does not currently use telematics in its fleet.

Site Visits

During the visit, we toured the District Administration Office and Operations Yard. Tours of remote sites are planned. The staff was friendly and informative; and the areas were secure, organized, and well-maintained.

The JPIA thanks Rowland Water District for participating in our Workers' Compensation, Liability, and Property Programs. Please remember that most JPIA services are just an email or phone call away. Should you or your staff have any questions or need additional assistance, please contact me at (949) 806-8754 or acorral@acwaipia.com.

Sincerely,



Andrew J. Corral
Senior Risk Control Advisor

1214:tl

c: Dusty Moisio, Assistant General Manager
Allen Davidson, Director of Operations
Elisabeth Mendez, Compliance and Safety Manager
JPIA Member Services
JPIA Risk Management Committee
Szu Pei Lu-Yang, JPIA Board Member



YOUR BEST PROTECTION

ACWA JPIA

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Roseville, CA
95661-9082

phone
916.786.5742
800.231.5742

www.acwajpia.com

Core Values

- People
- Service
- Integrity
- Innovation

11/27/2023

Rowland Water District (R006)
3021 S. Fullerton Road
Rowland Heights, CA 91748

General Manager:

Each year at Fall Conference, the JPIA recognizes members that have a Loss Ratio of 20% or less in either of the Liability, Property or Workers' Compensation programs (loss ratio = total losses / total premiums).

The members with this distinction receive the "**President's Special Recognition Award**" certificate for each Program that they qualify in.

The JPIA is extremely pleased to present Rowland Water District (R006) with this special recognition and commends the District on the hard work in reducing claims.

Congratulations to you, your staff, Board, and District. Keep up the good work!

The JPIA wishes you the best in 2024.

Sincerely,

Melody McDonald
President

Enclosure: President's Special Recognition Award(s)

President's Special Recognition Award

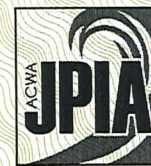
*The President of the
ACWA JPIA
hereby gives Special Recognition to*

Rowland Water District

*for achieving a low ratio of "Paid Claims and Case Reserves" to "Deposit Premiums"
in the Property Program for the period 07/01/2019 - 06/30/2022
announced at the Board of Directors' Meeting in Indian Wells.*



Melody McDonald, President



November 27, 2023

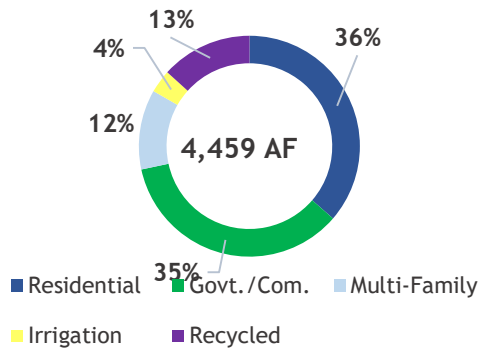


ROWLAND WATER DISTRICT FINANCIAL DASHBOARD

November 30, 2023



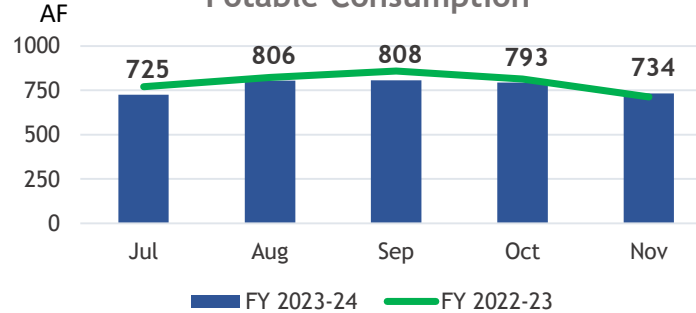
Consumption by Class



97% of Prior Year

47% of Budget

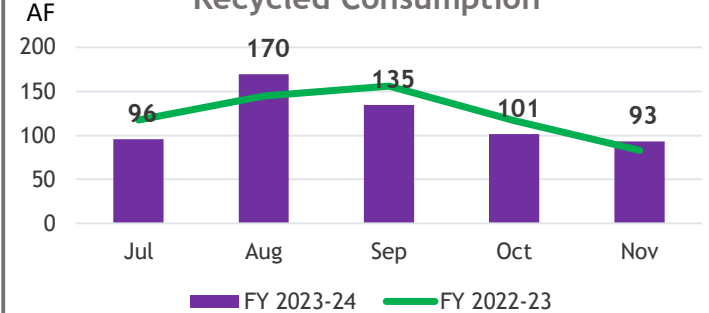
Potable Consumption



96% of Prior Year

65% of Budget

Recycled Consumption



YTD Revenue

\$13,618,664

45%

Annual Budget

\$30,372,500

YTD Expense

\$9,759,354

42%

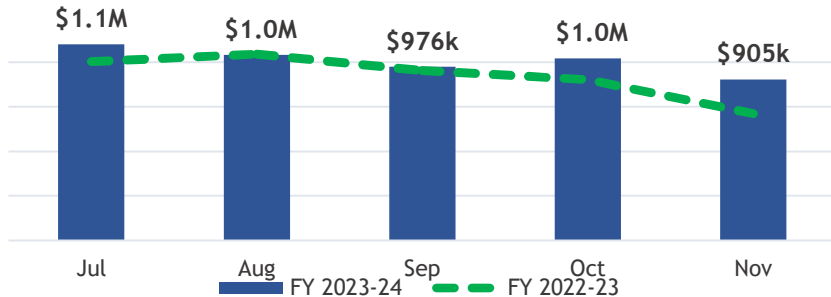
Annual Budget

\$23,256,700

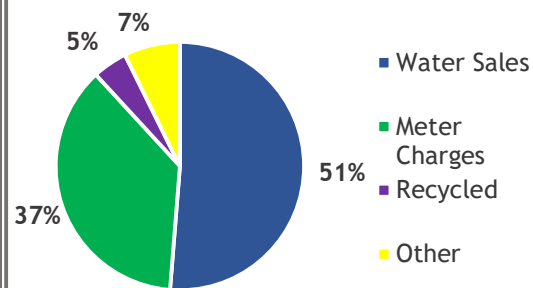
YTD Water Purchases
of \$5.1 M

52% of YTD Expense

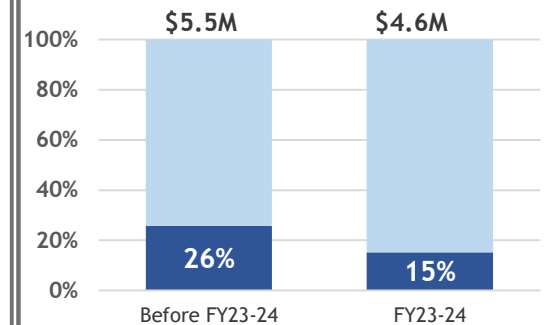
Water Purchases



Revenues by Category



CIP Completion



318

Low Income Assist.



108

Turn-Offs



64

New Applications



698

Phone Calls