



**BOARD OF COMMISSIONERS  
MEETING AGENDA**

Walnut Valley Water District  
271 S. Brea Canyon Road  
Walnut, CA 91789

**Thursday, December 7, 2023  
7:00 A.M.**

Each item on the agenda shall be deemed to include any appropriate motion, resolution, or ordinance, to take action on any item.

Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review at <https://puentebasin.com/board-packets/> or during regular business hours at the Walnut Valley Water District office, located at 271 S. Brea Canyon Road, Walnut, California.

- |       |                                                                                      |                                                                                                         |                                                  |
|-------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| I.    | Welcome and Introductions                                                            |                                                                                                         | Chair Lee                                        |
| II.   | Flag Salute                                                                          |                                                                                                         |                                                  |
| III.  | Roll Call                                                                            | Commissioner Lewis _____<br>Commissioner Lima _____                                                     | Commissioner Lee _____<br>Commissioner Woo _____ |
| IV.   | Public Comment                                                                       | The Chair may impose reasonable limitations on public comments to assure an orderly and timely meeting. |                                                  |
| V.    | <a href="#">2022-23 Audited Financial Statements – Prepared by Fedak &amp; Brown</a> |                                                                                                         | Chair Lee                                        |
|       | a. Discussion                                                                        | b. Action Taken                                                                                         |                                                  |
| VI.   | <a href="#">Approval of Minutes for October 5, 2023 (attachment)</a>                 |                                                                                                         | Chair Lee                                        |
|       | a. Discussion                                                                        | b. Action Taken                                                                                         |                                                  |
| VII.  | <a href="#">Review of Financial Statements: First Quarter FY 23-24 (attachment)</a>  |                                                                                                         | Ms. Malner                                       |
|       | a. Discussion                                                                        | b. Action Taken                                                                                         |                                                  |
| VIII. | PBWA Legislative Activities                                                          |                                                                                                         | Mr. Coleman/<br>Mr. Macias                       |
|       | (1) CA Water for All Campaign Update                                                 |                                                                                                         |                                                  |
|       | i. Discussion                                                                        | ii. Action Taken                                                                                        |                                                  |

- IX. [PBWA's Proposed 2024 Meeting Schedule and Approval of Resolution No. 12-23-031 Noting Same \(attachment\)](#) Chair Lee
  - a. Discussion
  - b. Action Taken
  
- X. Regional Water Supply Reliability Program Updates/Status: Mr. Coleman/  
Mr. Macias
  - (1) Groundwater Management Plan for the Puente Basin
  - (2) California Domestic Water Company
  - (3) Pomona Basin Regional Groundwater Project
    - a. [Consider Approval of a Professional Services Engineering Agreement with Woodard & Curran for the Puente Basin Water Agency Regional Water Supply Program Update](#)
      - i. Discussion
      - ii. Action Taken
    - b. [Consider Approval of a Professional Services Agreement with Morrow-Meadows Corporation for Bypass 1 and 2 PLC Modifications](#)
      - i. Discussion
      - ii. Action Taken
    - c. Six Basins Groundwater Project Update
    - d. Proposition 84
  - (4) Proposition 1 Integrated Regional Water Management Grant
  
- XI. Commission Follow-Up Mr. Macias
  
- XII. Commissioner Comments
  - a. Discussion
  - b. Action Taken
  
- XIII. Items for Future Discussion/Review Chair Lee
  - a. Discussion
  - b. Action Taken
  
- XIV. Attorney's Report  
 Legal Counsel will report on matters of interest or having an effect on the Agency
  
- XV. Adjournment



December 7, 2023

TO: Board of Commissioners  
FROM: Myra Malner, Treasurer  
RE: 2022-23 Audited Financial Statements Prepared by Fedak & Brown LLP

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### **Recommendation**

That the Commissioners receive, approve, and file:

- A. 2022-23 Audited Financial Statements; and
- B. Summary of Audit Results (SAS) 114 Letter

### **Background**

A Fedak & Brown, LLP, representative will present the audited 2022-23 financial statements. The representative will review the firm's findings and will be available to answer any questions.



**Puente Basin Water Agency**

**Annual Financial Report**

**For the Fiscal Years Ended June 30, 2023 and 2022**

Working Draft Subject to Review

## 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
Jerry Tang	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](http://www.puentebasin.com)**



**Puente Basin Water Agency**

**Annual Financial Report**

**For the Fiscal Years Ended June 30, 2023 and 2022**

*Working Draft Subject to Review*

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

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## **Financial Section**

*Working Draft Subject to Review*



*Working Draft Subject to Review*

## **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**  
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>
<b>Assets:</b>					
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	30,643,311	29,009,117	1,634,194	28,351,651	657,466
<b>Total assets</b>	<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>
<b>Liabilities:</b>					
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	1,623,819	1,670,026	(46,207)	32,061,257	(30,391,231)
<b>Total liabilities</b>	<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>
<b>Net position:</b>					
Net investment in capital assets	29,019,492	27,339,091	1,680,401	26,640,394	698,697
Unrestricted	15,579,829	14,124,753	1,455,076	14,833,786	(709,033)
<b>Total net position</b>	<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>
<b>Operating revenues:</b>					
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)
<b>Total operating revenues</b>	<u>16,572,518</u>	<u>19,176,682</u>	<u>(2,604,164)</u>	<u>18,519,701</u>	<u>656,981</u>
<b>Non-operating revenues:</b>					
Investment income, net of fair market value	10,588	-	10,588	1,386,381	(1,386,381)
<b>Total non-operating revenues</b>	<u>10,588</u>	<u>-</u>	<u>10,588</u>	<u>1,386,381</u>	<u>(1,386,381)</u>
<b>Total revenues</b>	<u>16,583,106</u>	<u>19,176,682</u>	<u>(2,593,576)</u>	<u>19,906,082</u>	<u>(729,400)</u>
<b>Operating expenses:</b>					
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	-
<b>Total operating expenses</b>	<u>17,543,703</u>	<u>19,752,966</u>	<u>(2,209,263)</u>	<u>19,260,643</u>	<u>492,323</u>
<b>Non-operating expenses:</b>					
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)
<b>Total non-operating expenses</b>	<u>62,973</u>	<u>68,299</u>	<u>(5,326)</u>	<u>1,457,960</u>	<u>(1,389,661)</u>
<b>Total expenses</b>	<u>17,606,676</u>	<u>19,821,265</u>	<u>(2,214,589)</u>	<u>20,718,603</u>	<u>(897,338)</u>
<b>Net loss before capital contributions</b>	<u>(1,023,570)</u>	<u>(644,583)</u>	<u>(378,987)</u>	<u>(812,521)</u>	<u>167,938</u>
<b>Capital contributions</b>	<u>4,159,047</u>	<u>634,247</u>	<u>3,524,800</u>	<u>8,325,451</u>	<u>(7,691,204)</u>
<b>Changes in net position</b>	<u>3,135,477</u>	<u>(10,336)</u>	<u>3,145,813</u>	<u>7,512,930</u>	<u>(7,523,266)</u>
<b>Net position, beginning of year</b>	<u>41,463,844</u>	<u>41,474,180</u>	<u>(10,336)</u>	<u>33,961,250</u>	<u>7,512,930</u>
<b>Net position, end of year</b>	<u>\$ 44,599,321</u>	<u>41,463,844</u>	<u>3,135,477</u>	<u>41,474,180</u>	<u>(10,336)</u>

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

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

Fiscal Year 2023 – Revenues and Expenses

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

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

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

Fiscal Year 2022 – Revenues and Expenses

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

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

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

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

**Capital Asset Administration**

Changes in capital assets for 2023, were as follows:

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

Changes in capital assets for 2022, were as follows:

	<u>Balance 2021</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2022</u>
Capital assets:				
Non-depreciable assets	\$ 17,041,791	1,072,434	(859,006)	17,255,219
Depreciable and amortizable assets	12,995,610	859,006	-	13,854,616
Accumulated depreciation and amortization	<u>(1,685,750)</u>	<u>(414,968)</u>	<u>-</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.

Working Draft Subject to Review

# **Basic Financial Statements**

*Working Draft Subject to Review*

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

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

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**

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

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**

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

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:

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

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

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



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

**(2) Cash and Cash Equivalents, continued**

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

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

<b>Authorized Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum Percentage Of Portfolio</b>	<b>Maximum Investment in One Issuer</b>
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 Agency'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

***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:

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

**(7) Risk Management**

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

On June 30, 2023, the Agency participated in the ACWA/JPIA pooled programs for liability, property, programs as follows:

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

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

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

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

**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**

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**

*Working Draft Subject to Review*



*Working Draft Subject to Review*

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

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**  
Cypress, California  
December 7, 2023

Working Draft Subject to Review

**Puente Basin Water Agency**

**Management Report**

**June 30, 2023**

Presentation Version

**Puente Basin Water Agency**

**Management Report**

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Presentation Version

**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.

Board of Commissioners  
Puente Basin Water Agency  
Page 2

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**  
Cypress, California  
December 7, 2023]

Presentation Version

**APPENDIX**

**Puente Basin Water Agency**

**Audit/Finance Committee Letter**

**June 30, 2023**

Presentation Version



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**  
Cypress, California  
December 7, 2023]

Presentation Version

**MINUTES OF MEETING  
OF THE BOARD OF COMMISSIONERS OF  
PUENTE BASIN WATER AGENCY**

**October 5, 2023  
At the Offices of the  
Walnut Valley Water District**

**COMMISSIONERS PRESENT:**

Theresa Lee, Commissioner  
Robert Lewis, Commissioner  
Anthony Lima, Commissioner

**STAFF PRESENT:**

Jared Macias, Administrative Officer  
Myra Malner, Treasurer  
Josh Byerrum, Assistant Treasurer  
Jim Ciampa, Legal Counsel (via Telephone)  
Carmen Fleming, Secretary

Staff, guests and others in attendance: Ms. Gabriela Palomares, Mr. Robert Leamy, Mr. Dusty Moiso, Rowland Water District; and Ms. Shery Shaw, Mr. Tom Monk, and Mr. Erik Hitchman, Walnut Valley Water District.

The meeting was called to order at 7:00 a.m. with Chair Lee presiding.

**Item IV: Public Comment**

None.

**Item XIV was rearranged to be discussed after Item IV: Public Comment.**

**Item XIV: Closed Session at 7:03 a.m.**

(1) The Commission met in closed session in accordance with Government Code [§54956.8] to discuss one real property matter pertaining to the acquisition and/or lease of Central Basin water rights. The negotiators are Mr. Tom Coleman and Mr. Jared Macias. The negotiating parties are various water rights holders. Under negotiations are the price and terms of payment.

- The Commission unanimously ratified the 2024-25 water year, 500 acre-foot lease of Central Basin Allowed Pumping Allocation to South Montebello Water Company at a price of \$130 per acre-foot.
- The Commission unanimously ratified the 2023-24 water year, 465 acre-foot lease of Central Basin Allowed Pumping Allocation to Montebello Land & Water Company at a price of \$125 per acre-foot.

**Item XIV: Reconvene in Open Session at 7:07 a.m.**

**Item V: Approval of Minutes for August 3, 2023**

*Upon consideration thereof, it was moved by Commissioner Lima, seconded by Commissioner Lewis, and unanimously carried (3-0) to approve the minutes of the Commission meetings held August 3, 2023.*

**Chair Lee indicated that the motion was approved by a 3-0 vote**

**Item VI: Review of Financial Statements: Fourth Quarter FY 22-23**

- ◆ Ms. Malner reviewed the Fourth Quarter Fiscal Year 2022-23 financials.

***Upon consideration thereof, it was moved by Commissioner Lee, seconded by Commissioner Lima, and unanimously carried (3-0), to receive, approve and file the financials for the Fourth Quarter Fiscal Year 2022-23.***

**Chair Lee indicated that the motion was approved by a 3-0 vote**

**Item VII: PBWA Legislative Activities**

**(1) *CA Water for All Campaign Update***

- ◆ Mr. Macias updated the Commission with the recent activities of the campaign and noted that the legislative season has adjourned.

**Item VIII: Regional Water Supply Reliability Program Updates/Status:**

**(1) *Groundwater Management Plan for the Puente Basin***

- ◆ Mr. Macias updated the Commissioners on the Phase 1 Stakeholder meeting held September 6, 2023 with West Yost. The next meeting will be scheduled in early 2024.

**(2) *California Domestic Water Company***

- ◆ Mr. Coleman reported that the Cal Domestic project was offline, as of mid-July.

**(3) *Pomona Basin Regional Groundwater Project***

**a. *Approve Letter with Three Valleys Municipal Water District for Durward and Old Baldy Well Additional Radio Communications Costs***

- ◆ Mr. Macias requested that the Commission authorize the Administrative Officer to execute a letter agreement with Three Valleys Municipal Water District for Durward and Old Baldy Well additional radio communications costs for a total of \$89,000

***Upon consideration thereof, it was moved by Commissioner Lima, seconded by Commissioner Lewis, and unanimously carried (3-0), to authorize the Administrative Officer to execute a letter agreement with Three Valleys Municipal Water District for Durward and Old Baldy Well additional radio communications costs for a total of \$89,000.***

**Chair Lee indicated that the motion was approved by a 3-0 vote**

**b. *Six Basins Groundwater Project Update –***

- ◆ Ms. Shaw reported that the equipping phase was underway. The pump has a scheduled start date for October. Old Baldy is scheduled to be reassembled by year end.

**c. *Proposition 84***

- ◆ Mr. Macias updated the Commission on the continuing project reporting required for the receipt of grant funds.

**(4) *Proposition 1 Integrated Regional Water Management Grant***

- ◆ Mr. Macias reported that staff receives regular updates from Wendy La, of LASER, Inc. She is currently tracking the progress of grant-funded projects.

**Item X: Commission Follow-Up**

None.

**Item XI: Commissioner Comments**

None.

**Item XII: Items for Future Discussion/Review**

None.

**Item XII: Attorney's Report**

No report on this item.

**Item XIV: Adjournment at 7:34 a.m.**

*Upon consideration thereof, it was moved by Commissioner Lima seconded by Commissioner Lee, and unanimously carried (3-0), to adjourn the Commission meeting. The next Commission meeting to be held December 7, 2023.*

DRAFT

# Puente Basin Water Agency

## FY 2023-24 Operating Results By Quarter

		9/30/2023	TOTAL	Budget
	<b>Ordinary Income/Expense</b>			
1	<b>Income</b>			
2	Administrative Assessment	\$ 158,700	\$ 158,700	\$ 379,000
3	Water Sales - Project	154,570	154,570	1,016,300
4	Water Sales - TVMWD	4,191,774	4,191,774	14,765,400
5	Project Maintenance Reserve	390	390	5,500
6	Used of Stored/Leased Water	43,917	43,917	617,600
7	<b>Total Income</b>	4,549,350	4,549,350	16,783,800
8	<b>Expense</b>			
9	<b>Source of Supply</b>			
10	Purchased Water - TVMWD	4,040,797	4,040,797	14,136,400
11	Purchased Water - CDWC	33,518	33,518	468,400
12	Purchased Water - Stored Water	43,917	43,917	617,600
13	Assessments - MSGBWM	15,692	15,692	220,000
14	<b>Total Source of Supply</b>	4,133,923	4,133,923	15,442,400
15	<b>Fixed Charges</b>			
16	TVMWD Equivalent Small Meters	20,407	20,407	84,700
17	TVMWD Water Use Charge	18,311	18,311	76,900
18	TVMWD Connected Capacity	19,436	19,436	81,000
19	MWD Capacity Reservation Charge	90,763	90,763	384,300
21	<b>Total Fixed Charges</b>	148,917	148,917	626,900
22	<b>Other Costs</b>			
23	Energy - Pumping and Treatment	43,161	43,161	117,700
24	Materials & Supplies - Chemical	-	-	29,700
25	Materials & Supplies - Others	153	153	20,000
26	Other Costs (RWD Labor etc.)	4,780	4,780	44,700
27	Baldy Lease Agreement	57,265	57,265	115,800
28	Permits & Fees	2,060	2,060	2,100
29	<b>Total Other Costs</b>	107,420	107,420	330,000
30	<b>Administrative &amp; General</b>			
31	Legal	2,870	2,870	20,000
32	Engineering	-	-	5,000
33	Professional Services- Other	135,550	135,550	283,000
34	Insurance - Property & Liability	4,146	4,146	5,700
35	Accounting	3,328	3,328	8,400
36	Administrative Expenses - Other	12,806	12,806	56,900
37	<b>Total Administrative &amp; General</b>	158,700	158,700	379,000
38	<b>Total Expense</b>	4,548,960	4,548,960	16,778,300
39	<b>Other Income/Expense</b>			
40	Stored Water Transfer/Purchase	-	-	-
41	Leased Water Income	65,000	65,000	125,500
42	LAIF Interest	-	-	2,000
43	Grant Revenue	-	-	-
44	Other Income	-	-	-
45	Stored Water Expense	-	-	-
46	<b>Net Other Income</b>	65,000	65,000	127,500
47	<b>Net Income (Loss) Before Transfers</b>	65,390	65,390	133,000
48	Transfer In: Maint. Reserve Funds Used	-	-	-
49	Transfer Out: Maint. Reserve Funds Collected	(390)	(390)	(5,500)
50	<b>Net Income (Loss) After Transfers</b>	\$ 65,000	\$ 65,000	\$ 127,500

	PBWA Maintenance Reserve	9/30/2023	Year to Date	Budget
51	Beginning Balance	\$ 161,603	\$ 161,603	\$ 161,603
52	Transfers In	390	390	5,500
53	Transfers Out	-	-	-
54	Ending Balance	\$ 161,993	\$ 161,993	\$ 167,103



# Puente Basin Water Agency

## FY 2023-24 Operating Results By Quarter

Capital Projects		9/30/2023	Year to Date	Life to Date
55	<b>Revenues</b>			
56	Member Assessment - RWD	\$ 36,166	\$ 36,166	\$ 4,027,646
57	Member Assessment - WVWD	36,166	36,166	\$ 4,027,646
58	Grant Proceeds Use	-	-	\$ 1,872,700
59	<b>Total Revenues</b>	<b>72,333</b>	<b>72,333</b>	<b>\$ 9,927,992</b>
60	<b>Expenses</b>			
61	Pathfinder	-	-	\$ 3,140,078
62	Pomona Basin	72,333	72,333	\$ 8,988,077
63	<b>Total Expenses</b>	<b>\$ 72,333</b>	<b>72,333</b>	<b>\$ 12,128,155</b>

PBWA Stored Water		9/30/2023	Year to Date
64	<b>Stored Water (\$\$):</b>		
65	Beginning Balance	\$ 14,977,731	\$ 14,977,731
66	Add: Transferred Water	-	-
67	Less: Water Produced	(43,917)	(43,917)
68	<b>Ending Balance</b>	<b>\$ 14,933,814</b>	<b>\$ 14,933,814</b>
69	<b>Stored Water (AF):</b>		
70	Beginning Balance	23,755	23,755
71	Add: Transferred Water	-	-
72	Less: Water Produced	(78)	(78)
73	<b>Ending Balance</b>	<b>23,677</b>	<b>23,677</b>

**PUENTE BASIN WATER AGENCY  
STATEMENT OF CASH FLOWS  
FY 2023-24**

		BEGINNING BALANCE JULY 1, 2023		\$ 358,932.53
<b>Deposits:</b>				
		Rowland	1,654,970.68	
		WVWD	2,609,768.28	
		Bellflower	4,000.00	
		LAI-Interest	2,049.33	
		Subtotal Deposits		4,270,788.29
		Total Deposits		4,629,720.82
<b>Disbursements</b>				
<u>Date</u>	<u>Check #</u>	<u>Payee</u>		
07/19/23	EFT	TVMWD	(856,417.00)	
08/23/23	EFT	TVMWD	(1,116,146.30)	
09/20/23	EFT	TVMWD	(1,563,760.30)	
07/05/23	2092	Civiltec Engineering	(3,760.20)	
07/05/23	2093	Rowland Water District	(54,680.96)	
07/05/23	2094	Southern California Edison	(35.63)	
07/05/23	2095	Water Replenishment District of Southern	(144.75)	
07/05/23	2096	West Yost & Associates, Inc.	(12,402.50)	
07/05/23	2097	Reeb Government Relations, LLC	(4,500.00)	
07/17/23	2098	City of La Verne	(57,264.91)	
07/17/23	2099	Reeb Government Relations, LLC	(4,500.00)	
07/17/23	2100	Southern California Edison	(29.50)	
07/17/23	2101	West Yost & Associates, Inc.	(16,176.25)	
07/17/23	2102	City of La Verne	(51.00)	
08/01/23	2103	ACWA/JPIA	(4,046.22)	
08/01/23	2104	C.J. Brown & Company CPAs	(3,078.00)	
08/01/23	2105	Civiltec Engineering	(3,598.00)	
08/01/23	2106	Kear Groundwater	(3,300.00)	
08/01/23	2107	Lagerlof, LLP	(1,610.00)	
08/01/23	2108	LASER LLC	(1,500.00)	
08/01/23	2109	Rowland Water District	(35,119.78)	
08/01/23	2110	Walnut Valley Water District	(1,542.95)	
08/01/23	2111	City of La Verne	(51.00)	
08/01/23	2112	Southern California Edison	(37.66)	
08/14/23	2113	ACWA/JPIA	(100.00)	
08/14/23	2114	Civiltec Engineering	(880.00)	
08/14/23	2115	Lagerlof, LLP	(175.00)	

**PUENTE BASIN WATER AGENCY  
STATEMENT OF CASH FLOWS  
FY 2023-24**

08/14/23	2116	Reeb Government Relations, LLC	(4,500.00)	
08/14/23	2117	Rowland Water District	(17,168.20)	
08/14/23	2118	Water Replenishment District of Southern	(196,869.00)	
08/28/23	2119	Rowland Water District	(16,759.04)	
08/28/23	2120	Southern California Edison	(37.75)	
08/28/23	2121	West Yost & Associates, Inc.	(21,760.25)	
09/14/23	2122	City of La Verne	(51.00)	
09/14/23	2123	Reeb Government Relations, LLC	(4,500.00)	
09/14/23	2124	Rowland Water District	(17,087.18)	
09/14/23	2125	San Gabriel Valley Watermaster	(279,367.89)	
09/29/23	2126	C.J. Brown & Company CPAs	(3,328.00)	
09/29/23	2127	City of La Verne	(51.00)	
09/29/23	2128	Lagerlof, LLP	(1,015.00)	
09/29/23	2129	LASER LLC	(3,800.00)	
09/29/23	2130	Rowland Water District	(2,235.02)	
09/29/23	2131	Southern California Edison	(36.49)	
09/29/23	2132	Southern California Edison	(771.63)	
09/29/23	2133	TVMWD	(15,873.34)	
		Total Disbursements		<u>(4,330,118.70)</u>
		ENDING BALANCE SEPTEMBER 30, 2023		\$ 299,602.12
		LAIF		\$ 263,063.71
		Checking		\$ 36,538.41
		Total Cash Balance		\$ 299,602.12

**RESOLUTION NO. 12-23-031**

**A RESOLUTION OF THE PUENTE BASIN WATER AGENCY ESTABLISHING  
CALENDAR YEAR 2024 MEETING SCHEDULE**

**WHEREAS**, the Board of Commissioners of the Puente Basin Water Agency (the “Commission”) is required to set an annual meeting calendar to establish dates and times to assist the Commissioners and staff with advance planning and scheduling of business; and

**WHEREAS**, in accordance with California Government Code Section 54954, the following calendar is established, notwithstanding the possible scheduling of additional meetings or meetings on alternative dates, as required upon proper notice under the Brown Act, and by proper motion and vote of the Commission,

**NOW, THEREFORE**, the Board of Commissioners of the Puente Basin Water Agency hereby adopts the following resolutions:

SECTION 1: The Commission establishes the following meeting schedule and meeting locations for the Calendar Year of 2024:

<b>Date</b>	<b>Time</b>	<b>Location</b>
February 1, 2024*	8:00 a.m.	Rowland Water District
April 4, 2024**	8:00 a.m.	Walnut Valley Water District
June 6, 2024	8:00 a.m.	Rowland Water District
August 1, 2024	8:00 a.m.	Walnut Valley Water District
October 3, 2024	8:00 a.m.	Rowland Water District
December 5, 2024	8:00 a.m.	Walnut Valley Water District

\* The annual meeting to designate Commission Officers, leadership, and staff positions.

\*\* The annual budget meeting shall be held no later than the third week of April

SECTION 2: With proper notice during the year, meetings may be cancelled, rescheduled, or added as necessary pursuant to California law by motion duly approved by a majority of the Commissioners.

SECTION 3: The Secretary of the Commission shall certify to the adoption of this resolution.

**PASSED AND ADOPTED by the Commission of the Puente Basin Water Agency this 7<sup>th</sup> day of December, 2023, by the following roll call vote:**

AYES:  
NOES:  
ABSENT:

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Chairman

ATTEST:

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Secretary



**MORROW-  
MEADOWS  
CORPORATION**

**ELECTRICAL/DATACOM CONTRACTORS AND ENGINEERS**

620 Reyes Drive  
Walnut, CA 91789  
Telephone: (909) 594-4161  
Fax: (909) 468-0593  
License No. 230813-C10

September 25, 2023

Puente Basin Water Agency  
271 S Brea Canyon Rd  
Walnut, CA 91789

Attention: Tom Monk  
Director Of Operations

Subject: Puente Basin Water Agency  
Bypass 1 And 2 PLC Modifications

Morrow-Meadows Corporation is pleased to submit for your approval, the following quotation for the Puente Basin Water Agency, Bypass 1 And 2 PLC Monitoring Panels Project. Our quotation is based upon the on-site meeting, and the updated proposal provided by Prime Systems dated March 21, 2023. The quotation is subject to the following terms and conditions.

**Total Quotation \$ 105,300.00**

Morrow-Meadows Corporation offers the following clarifications to the subject bid:

**Inclusions At Bypass 1 Site:**

1. Provide and install a new SCADA RTU Control Panel adjacent to the existing control panel complete with NEMA 4 enclosure, Modicon M340 PLC, I/O Modules, 24vDC Power Supply, UPS, relays, terminal blocks and wiring for a complete operating system.
2. Provide and install a new Modicon M340 rack, power supply and output modules in the existing Control Panel to allow for existing signals to be repeated to the new monitoring panel. A rack extension kit will be provided.

3. Provide and install two conduits between the existing control panel and the new monitoring panel to allow for hard-wired output signals to get from the existing panel to the new panel. Re-locate the existing iNET radio from the existing control panel to the new control panel.

#### **Inclusions At Bypass 2 Site:**

1. Provide and install a new SCADA RTU Control Panel adjacent to the existing control panel complete with NEMA 4 enclosure, Modicon M340 PLC, I/O Modules, 24vDC Power Supply, UPS, relays, terminal blocks and wiring for a complete operating system.
2. Provide and install a new Modicon M340 rack, power supply and output modules in the existing Control Panel to allow for existing signals to be repeated to the new monitoring panel. A rack extension kit will be provided.
4. Provide and install two conduits between the existing control panel and the new monitoring panel to allow for hard-wired output signals to get from the existing panel to the new panel. Re-locate the existing iNET radio from the existing control panel to the new control panel.

#### **Inclusions at Both Sites:**

1. Provide panel submittals, panel drawings, field testing, start-up services, and owner training for MMC provided equipment.
2. Morrow-Meadows Corporation is a UL-508A, UL-845 and UL-698A (Intrinsically Safe) and a NNNY (hazardous locations) panel shop. Morrow-Meadows Corporation is a Women Business Enterprise (WBE).
3. Morrow-Meadows Corporation has Public Works Contractor Registration Number 1000000078.
4. Morrow-Meadows Corporation has included sales tax and shipping in its quotation. This quotation shall remain firm for 60 days.

#### **Exclusions:**

1. Morrow-Meadows Corporation excludes all programming for this project. All programming is to be performed by others.
2. Morrow-Meadows Corporation excludes all Permits and Fees.
3. All work is to be performed during regular business hours, Monday through Friday. No premium time is included in this proposal.

Please review our scope and if you have any questions, please feel free to call.

Sincerely,

Steve Marlow  
Morrow-Meadows Corporation  
Instrumentation & Controls Division  
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(909) 594-4161 x7128  
(909) 772-7821 Mobile  
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