

In light of the Governor's Executive Orders N-25-20 dated March 12, 2020 and N-29-20 dated March 17, 2020 (collectively, the "Executive Order") issued in response to the Covid-19 outbreak, the WQA Board Has Suspended Application of Certain Public Meeting Requirements otherwise required under Brown Act during the term of the Executive Order, Including Restrictions and Noticing Requirements Relating to the Conduct of Teleconferenced Board Meetings.

Due to the essential nature of the WQA Board Meetings in conducting Authority business, the WQA Board meeting will take place via online and teleconference.

Copies of Executive Order will be made available to members of the public upon request.

Please register in advance for this meeting by using the following link:

https://us06web.zoom.us/webinar/register/WN_Y8DwYmftQL-QQgyC-G9UiQ

After registering, you will receive a confirmation email containing information about joining the webinar.

Public comments can be emailed prior to the meeting to stephanie@wqa.com

**A REGULAR MEETING
OF THE
SAN GABRIEL BASIN WATER QUALITY AUTHORITY
AT
1720 W. CAMERON AVENUE, SUITE 100
WEST COVINA, CALIFORNIA**

WEDNESDAY, SEPTEMBER 15, 2021 AT 12:00 P.M.

AGENDA

I. CALL TO ORDER **MUNOZ**

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL OF BOARD MEMBERS **MORENO**

Valerie Munoz, Chairwoman	_____	_____ (alt)
Mark Paulson, Vice-Chairman	_____	_____ (alt)
Jorge Marquez, Treasurer	_____	_____ (alt)
Bob Kuhn, Secretary	_____	_____ (alt)
Lynda Noriega	_____	_____ (alt)
Mike Whitehead	_____	_____ (alt)
Ed Chavez	_____	_____ (alt)

IV. PUBLIC COMMENTS (Agendized Matters Only): **MUNOZ**

As provided under Government Code Section 54954.3, this time has been set aside for persons in the audience to provide comment or make inquiries on matters appearing on this Special Meeting agenda only. Please complete the appropriate request card and submit it to the Secretary, prior to the item being heard. A five-minute time limit on remarks is requested.

V. ITEMS TOO LATE TO BE AGENDIZED - Recommended Action: **MUNOZ**

Approve motion determining need to take action on item(s) which arose subsequent to posting of the Agenda (ROLL CALL VOTE:
Adoption of this recommendation requires a two-thirds vote of the Board or, if less than two-thirds of Board members are present, a unanimous vote)

VI. PRESENTATION

SAENZ

“Presentation on Audited Financial Statements for Fiscal Year Ending June 30, 2020” [enc]

VII. CONSENT CALENDAR

MUNOZ

(Consent items may all be approved by single motion) [enc]

- (a) Minutes for 8/18/21 Regular Board Meeting
- (b) Minutes for 9/8/21 Legislative/Public Information Committee – Special Joint Meeting
- (c) Demands on Administrative Fund for September 2021
- (d) Demands on Project Fund for September 2021

VIII. COMMITTEE REPORTS

(These items may require action)

- (a) Legislative/Public Information Committee Report [enc]

IX. OTHER ACTION/INFORMATION ITEMS

MUNOZ

(These items may require action)

- (a) Discussion/Action Regarding Draft of Audited Financial Statements for the Fiscal Year Ended June 30, 2020 [enc]
- (b) Discussion/Action Regarding ACWA Region 8 Election [enc]

X. PROJECT REPORTS

COLBY

- (a) Treatment Plants:

1.	Baldwin Park Operable Unit	<u>Status</u>
	• Arrow/Lante Well (Subarea 1)	Operational
	• Monrovia Wells	Operational
	• SGVWC B6 Plant	Operational
	• SGVWC B5 Plant	Operational
	• CDWC Well No. 14	Operational
	• La Puente Valley County Water District	Operational
2.	El Monte Operable Unit	
	• Eastern Shallow Zone	Operational
	• Eastern Deep Zone	Operational
	• GSWC Encinita Plant	Operational
	• Western Shallow Zone	Operational
3.	South El Monte Operable Unit	
	• Whitmore Street. Ground Water Remediation Treatment Facility	Operational
	• City of M.P. Well No. 5 VOC Treatment Facility	Operational
	• City of M.P. Well No. 12 VOC Treatment Facility	Operational
	• City of M.P. Well No. 15	Operational
	• City of M.P. Well Nos. 1, 3, 10 VOC Treatment Facility	Operational

- GSWC Wells SG-1 & SG-2
- SGVWC Plant No. 8
- 4. Puente Valley Operable Unit
 - Shallow Zone
 - Deep Zone
- 5. Area 3 Operable Unit
 - City of Alhambra Phase 1
 - City of Alhambra Phase 2

Operational
Operational
Design
Construction
Operational
Operational

XI. ATTORNEY'S REPORT **PADILLA**

XII. LEGISLATIVE REPORT **MONARES**

XIII. EXECUTIVE DIRECTOR'S REPORT **SCHOELLERMAN**

XIV. FUTURE AGENDA ITEMS **MUNOZ**

XV. INFORMATION ITEMS [enc] **MUNOZ**

- (a) San Gabriel Basin Water Calendar

XVI. FUTURE BOARD/COMMITTEE MEETINGS **MUNOZ**

- (a) The next Administrative/Finance Committee Meeting is scheduled for Tuesday, October 12, 2021 at 10:00am
- (b) The next Legislative/Public Information Committee meeting was scheduled for Wednesday, October 13, 2021 at 11:00am
- (c) The next WQA Board meeting is scheduled for Wednesday, October 20, 2021 at 12:00 P.M. at WQA

XVII. BOARD MEMBERS' COMMENTS/REPORTS **MUNOZ**

XVIII. ADJOURNMENT **MUNOZ**

Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection in the lobby of the Authority's business office located at 1720 W. Cameron Ave., Suite 100, West Covina, CA 91790, during regular business hours. When practical, these public records will also be made available on the Authority's internet web site, accessible at www.wqa.com.

DRAFT

A REGULAR MEETING OF THE SAN GABRIEL BASIN WATER QUALITY AUTHORITY AUGUST 18, 2021 AT 12:00 P.M.

To the extent authorized by the Governor's Executive Order N-25-20 dated March 12, 2020 ("Executive Order") issued in response to the Covid-19 outbreak, the WQA Board Reserved the Right to Suspend Application of Certain Public Meeting Requirements Under the Brown Act during the term of the Executive Order, Including Restrictions and Noticing Requirements Relating to the Conduct of Teleconferenced Board Meetings.

Due to the essential nature of the WQA Board Meetings in conducting Authority business, the WQA Board meeting took place online and teleconference.

CALL TO ORDER	The Chairwoman called the regular meeting of the San Gabriel Basin Water Quality Authority to order and reviewed the actions anticipated on the agenda for the meeting.
ROLL CALL OF BOARD MEMBERS	Valerie Munoz, Jorge Marquez, Bob Kuhn, Lynda Noriega, Michael Whitehead, Ed Chavez, Mark Paulson
BOARD MEMBERS ABSENT	None.
STAFF MEMBERS PRESENT	Randy Schoellerman, Executive Director; Stephanie Moreno, Executive Assistant/Outreach Coordinator; Dan Colby, Assistant Executive Director/Senior Project Manager; Mary Saenz, Director of Finance; Michelle Sanchez, Admin/Accounting Assistant; Richard Padilla, Legal Counsel
MEMBERS OF THE PUBLIC PRESENT	None.
MEMBERS OF THE PUBLIC THAT PARTICIPATED VIA ONLINE/TELECONFERENCE	Gabriel Monares, The Monares Group; Garry Hoffer, California American Water Company; Jose Martinez, Valley County Water District; Lenet Pacheco, Valley County Water District; Ralph Galvan, Valley County Water District; Robert Di Primio, San Gabriel Valley Water Company; Brian Bowcock, Three Valleys MWD
PUBLIC COMMENT	None.
ITEMS TOO LATE TO BE AGENDIZED	None.
PUBLIC HEARING	
<i>"To Receive Comments on the Proposed 2021/2022 Fiscal Year \$12/Acre-Foot Assessment on Those Holding Prescriptive Water Pumping Rights in the San Gabriel Basin"</i>	The Chairwoman opened the public hearing to receive comments. There being no comments, the Chairwoman closed the public hearing.

CONSENT CALENDAR

Mr. Kuhn moved to approve the consent calendar. Mr. Paulson seconded the motion, and it was approved by the following roll call vote.

AYES: MUNOZ, PAULSON, MARQUEZ, KUHN,
NORIEGA, WHITEHEAD, CHAVEZ

NO: NONE

ABSENT: NONE

ABSTENTIONS: Mr. Whitehead abstained from Project Demand No: E91235, E91261, E91267. Ms. Noriega abstained from Project Demand Nos. E91234 and E91266.

COMMITTEE REPORTS

Administrative/Finance Committee Report

Report on Cash and Investments for 2nd Quarter for 2021

Mr. Schoellerman reported that the minutes for the committee meeting were enclosed for review.

Ms. Saenz reported that WQA holds its investment funds at the Local Agency Investment Fund (LAIF). She indicated that for the quarter ended June 30, 2021, the LAIF account earned interest at a rate of 0.33% for total interest received for the quarter of \$5,307 on a balance of \$6,499,717.

Discussion/Action Regarding Update of Administrative procedures No. 10 – Professional Services Consultant Selection and No. 18 – Purchasing Procedure

Ms. Saenz reported that staff updated Administrative Procedure No. 10 – Professional Services Consultant Selection. She noted that this procedure describes the process for selecting and hiring professional services consultants. She indicated that the revised procedure provides for added flexibility in the selection process and conforms with federal guidance and regulations. In addition, it now includes seven separate classes of procurements and establishes a formal policy for sole source procurement. She reported that the Administrative/Finance Committee reviewed Procedure No. 10 on August 10, 2021 and recommended additional modifications. Specifically, the committee recommended raising the Class II authorization limit from \$10,000 to \$25,000 and clarifying that obtaining proposals for Class I, II & III would be at the discretion of the Executive Director. She reported that the Committee is also recommending an update to Administrative Procedure No. 18 – Purchase Procedures to increase the authority of the Executive Director to \$25,000. She noted that this change is being made to conform to the increased limits detailed in the update of Procedure No. 10 - Professional Services Consultant Selection.

Mr. Kuhn asked if the Administrative/Finance Committee discussed raising the Class II authorization limit to \$50,000.

Mr. Schoellerman reported that the committee did not discuss \$50,000 as a limit for the Class II authorization.

Mr. Whitehead asked Mr. Schoellerman if the \$25,000 authorization limit was sufficient.

Mr. Schoellerman commented that he believed it was sufficient and that he would report back to the board after a period of time if there was a need to adjust it further.

Mr. Kuhn asked if staff checked with ACWA/JPIA to confirm the insurance requirements for WQA consultants.

Ms. Saenz commented that she is in the process of confirming all insurance requirements with ACWA/JPIA.

After detailed discussion, Mr. Whitehead moved to approve the updates to Procedure Nos. 10 and 18 as presented. Mr. Paulson seconded the motion, and it was approved by the following roll call vote:

AYES: MUNOZ, PAULSON, MARQUEZ, KUHN,
NORIEGA, WHITEHEAD, CHAVEZ

NO: NONE

ABSENT: NONE

*Discussion/Action Regarding
ACWA Committee Nominations*

Mr. Schoellerman reported that ACWA Committee members are appointed for two-year terms that begin on January 1 of even-numbered years. He indicated that the end of the current committee term is approaching, and it is time to submit nominations for the ACWA Committees for the 2022-2023 term. He reported that the Administrative/Finance Committee discussed and recommended the following ACWA Committee appointments:

Ground Water Committee –Randy Schoellerman and Dan Colby

Water Quality Committee – Randy Schoellerman and Dan Colby

Communications Committee – Stephanie Moreno

Local Government Committee – Stephanie Moreno

After brief discussion, Mr. Marquez moved to approve the ACWA Committee appointments as presented. Mr. Kuhn seconded the motion, and it was approved by the following roll call vote:

AYES: MUNOZ, PAULSON, MARQUEZ, KUHN,
NORIEGA, WHITEHEAD, CHAVEZ

NO: NONE

ABSENT: NONE

***Legislative/Public Information
Committee Report***

Mr. Schoellerman reported that the minutes for the committee meeting were enclosed for review. He noted that the WQA's most recent advertorial was in the July Community Profiles publication and staff had extra copies if anyone was interested. He also noted that the next advertorial would be in the California Water publication that is scheduled for late September.

**OTHER
ACTION/INFORMATION
ITEMS**

***Adopt Resolution No. 21-004, A
Resolution of the San Gabriel
Basin Water Quality Authority
Imposing an Annual Prescriptive
Right Assessment
To Pay For The Authority Budget
For Fiscal Year 2021/2022***

Mr. Marquez moved to adopt Resolution No. 21-004. Ms. Munoz seconded the motion, and it was adopted by the following roll call vote:

AYES: MUNOZ, PAULSON, MARQUEZ, KUHN,
NORIEGA, WHITEHEAD, CHAVEZ

NO: NONE

ABSENT: NONE

PROJECT REPORTS

Mr. Colby reported that the Prop 1 South El Monte site investigation continues to go well. He shared a layout and photos of the M & T site to illustrate the numerous testing locations and equipment involved with the project. He indicated that there was a EMOU technical meeting scheduled for August 24, 2021 and a PVOU technical meeting scheduled for the following week.

Mr. Kuhn asked who determines where the monitoring wells will go for the site investigations.

Mr. Colby commented that Avocet Environmental conducts a site survey and develops a work plan for the technical advisory committee to review and approve where and how many monitoring wells are needed.

Mr. Whitehead asked what happens with from the data from the samples and who analyzes it.

Mr. Colby explained that the data will be compiled into a final report by Avocet and uploaded to the state's public GeoTracker website.

ATTORNEY'S REPORT

None.

LEGISLATIVE REPORT

Mr. Monares reported that the Legislature is back in session this week and most were focused on the recall election. He also reported that infrastructure bill was moving along and indicated that the WQA looked to be in good shape on the

priority lists of our representatives.

EXECUTIVE DIRECTOR'S REPORT

Mr. Schoellerman reported that the call for nominations for the seat representing cities with pumping rights has been sent out. He noted that the official 2020 census results have been delayed and staff will be using the 2010 census until the official 2020 data is available. He reported that he gave a presentation to the Valley County Water District Board of Directors on August 9th. He reported that extra insurance requirements for the BPOU Edison monitoring well access agreement had been resolved and that the agreement had been fully executed. He noted that staff has updated the WQA Board Member expense sheet that allows for more room to provide a brief written report if desired, he noted that this was done in response to board members comments during the AB 1234 presentation provided by legal counsel in June. He reported that he attended a California Groundwater Coalition (CGC) board meeting the previous day. He indicated that multiple proposed bills are limiting their funding to Sustainable Groundwater Management Act areas and that CGC has been advocating to expand that funding to adjudicated basins, such as San Gabriel. He reported that staff has a meeting with Congresswoman Napolitano scheduled for the following week. He indicated that staff continues to monitor the drought issues and any possible effects it may have on the Basin cleanup efforts. He lastly reported that staff continues to follow all the local and state COVID-19 guidelines for the office. Additionally, he has extended the flexibility for staff to work remotely during this period.

Mr. Kuhn suggested that the Chairwoman and the Vice-Chairman attend the meeting with Congresswoman Napolitano.

FUTURE AGENDA ITEMS

None.

FUTURE BOARD AND COMMITTEE MEETINGS

After some discussion, the Board decided to reschedule the Administrative/Finance Committee meeting to Tuesday, September 7, 2021 at 10:00am.

Mr. Schoellerman noted that the meetings would continue to be virtual.

BOARD MEMBERS' COMMENTS/ REPORTS

Mr. Marquez thanked staff for updating the Board expense sheet to make it more transparent.

ADJOURNMENT

The Chairwoman asked if there were any other items of business to come before the Board. There being none, the meeting was adjourned to September 15, 2021.

Valerie Munoz
Chairwoman

Bob Kuhn
Secretary

DRAFT

SAN GABRIEL BASIN WATER QUALITY AUTHORITY LEGISLATIVE/PUBLIC INFORMATION COMMITTEE AND SPECIAL MEETING OF THE BOARD OF DIRECTORS SEPTEMBER 8, 2021 AT 11:00 A.M.

To the extent authorized by the Governor's Executive Order N-25-20 dated March 12, 2020 ("Executive Order") issued in response to the Covid-19 outbreak, the WQA Board Reserved the Right to Suspend Application of Certain Public Meeting Requirements Under the Brown Act during the term of the Executive Order, Including Restrictions and Noticing Requirements Relating to the Conduct of Teleconferenced Board Meetings.

Due to the essential nature of the WQA Board Meetings in conducting Authority business, the WQA Legislative/Public Information Committee and Special meeting of the Board took place online and teleconference.

CALL TO ORDER

The Chairman called the regular meeting of the San Gabriel Basin Water Quality Authority to order and reviewed the actions anticipated on the agenda for the meeting.

COMMITTEE MEMBERS PRESENT

Jorge Marquez, Valerie Munoz and Bob Kuhn

WATERMASTER LIASON

None.

COMMITTEE MEMBERS ABSENT

None.

OTHER BOARD MEMBERS PRESENT

None.

STAFF MEMBERS PRESENT

Randy Schoellerman, Executive Director; Stephanie Moreno, Executive Assistant/Public Outreach Coordinator; Dan Colby, Assistant Executive Director/Senior Project Manager; Michelle Sanchez, Administrative/Accounting Assistant

MEMBERS OF THE PUBLIC PRESENT

Chris Lancaster, Civic Publications; Lenet Pacheco, Valley County Water District; Richard Gonzales, City of Monterey Park; Gabriel Monares, The Monares Group

Discussion Regarding Next Advertorial

Mr. Lancaster reported that next advertorial will be in the CA Water publication. He indicated that the publication date was pushed back to October due to paper supply shortages. He noted that the theme for this ad was the importance of the San Gabriel Basin and would incorporate some points regarding the drought. He reported that the ad that would follow would be in November and would be the Sustainable Living Publication where the focus might be on the funding that the WQA is working to secure.

State

Mr. Monares reported that the legislative session ends September 10th prior to the recall on September 14th. He indicated that after the election the Governor may announce a drought measure.

Mr. Schoellerman reported that staff is watching the legislation that is being considered regarding public meetings and also monitoring what the Governor will do with the current executive order that allows for virtual public meetings.

Federal

Mr. Monares reported that Congress would be working on the debt ceiling issue this month along with other issues and the end of the federal fiscal year at the end of September.

Mr. Schoellerman reported that there weren't any changes to the status of WQA's \$10M appropriation request for the San Gabriel Basin Restoration Fund.

**EXECUTIVE DIRECTOR'S
REPORT**

Mr. Schoellerman reported that a webinar for city officials has been scheduled for Tuesday, October 5, 2021 at 12pm. He reported that staff along with the WQA Chair and Vice Chair met with Congresswoman Napolitano on August 24th and provided her an update on WQA activities in South El Monte Operable Unit. He noted that staff submitted Prop 1 Round 3 Concept Proposals for the Whitmore Treatment Plant and the South El Monte site investigations. He lastly reported that WQA signed on to a support letter requesting that PFAS funding limit be increased to \$250M.

ADJOURNMENT

The Chairwoman asked if there were any other items of business to come before the Board. There being none, the meeting was adjourned.

Valerie Munoz
Chairwoman

Bob Kuhn
Secretary

DRAFT

The following demands on the Administration Fund Account at Bank of the West are hereby submitted for payment.

Check No.	Payable to	Description	Amount
D01891	Bob Kuhn	Board Member Compensation for August 2021	
		4 Days WQA Business	597.72
		Meeting/Travel Expenses/Other	14.56
		Less Deferred Compensation	0.00
		Less Taxes Withheld	(45.73)
			566.55
D01892	Michael Whitehead	Board Member Compensation for August 2021	
		2 Days WQA Business	298.86
		Meeting/Travel Expenses/Other	0.00
		Less Deferred Compensation	0.00
		Less Taxes Withheld	(22.86)
			276.00
D01893	Ed Chavez	Board Member Compensation for August 2021	
		6 Days WQA Business	896.58
		Meeting/Travel Expenses/Other	0.00
		Less Deferred Compensation	0.00
		Less Taxes Withheld	(68.59)
			827.99
D01894	Jorge Marquez	Board Member Compensation for August 2021	
		6 Days WQA Business	896.58
		Meeting/Travel Expenses/Other	0.00
		Less Deferred Compensation	0.00
		Less Taxes Withheld	(457.07)
			439.51
D01895	Valerie Munoz	Board Member Compensation for August 2021	
		5 Days WQA Business	747.15
		Meeting/Travel Expenses/Other	0.00
		Less Deferred Compensation	0.00
		Less Taxes Withheld	(57.15)
			690.00
D01896	Mark Paulson	Board Member Compensation for August 2021	
		3 Days WQA Business	448.29
		Meeting/Travel Expenses/Other	0.00
		Less Deferred Compensation	0.00
		Less Taxes Withheld	(34.29)
			414.00
D01897	Lynda Noriega	Board Member Compensation for August 2021	
		2 Days WQA Business	298.86
		Meeting/Travel Expenses/Other	0.00
		Less Deferred Compensation	0.00
		Less Taxes Withheld	(22.86)
			276.00
EFT/ACH	SGBWQA - Payroll Fund	Replenish payroll fund	
		Staff Payroll - for August 2021	67,590.20
		Board Payroll Taxes - Federal & State	1,028.62
			68,618.82
		Total replenishment to payroll fund	72,108.87
EFT/ACH	SGBWQA - Revolving Fund	Replenish revolving fund for 8/01/21 to 8/31/21 disbursements	
		Group Insurance	1,045.28
		Dues and Subscriptions	294.00
		Office Supplies	93.70
		Telephone Service	492.73
		Plant & Water Service	197.10
		Miscellaneous Office Expense	30.00
		Office Lease (antimicrobial service)	444.00
		Copier Machine	411.72
		Computer Systems O&M	446.93
		Public Relations	740.00
		Meetings and Conferences	109.69
		Project Costs	2,635.45
			6,940.60

7/15/21
9-9-21

DRAFT

The following demands on the Administration Fund Account at Bank of the West are hereby submitted for payment.

Check No.	Payable to	Description	Amount
E91273	ACWA/JPIA	Invoice No. 673484, Medical and life insurance premiums for October 1, 2021 to November 1, 2021	7,351.11
E91274	Accent Computer Solutions, Inc.	Invoice No. 146384, Professional IT services for September	1,370.48
E91275	Bank of America	Invoice No. '21-08Aug-DC', Credit Card Expenses incurred for 8/01/21 to 8/31/21 Dues and Subscriptions	<u>1,154.60</u>
			1,154.60
E91276	Bank of America	Invoice No. '21-08Aug-RS', Credit Card Expenses incurred for 8/01/21 to 8/31/21 Office Supplies Office Supplies (refund) Computer Systems O&M Internet Service	<u>411.94</u> <u>(150.84)</u> <u>400.00</u> <u>29.95</u>
			691.05
E91277	Bank of America	Invoice No. '21-08Aug-SM', Credit card expenses incurred for 8/01/21 to 8/31/21 Plant and Water	<u>16.41</u>
			16.41
E91278	CA Consulting Services, LLC	Invoice 2021-CA-WQA-08, Professional accounting services for August 2021 (Prop 68)	810.00
E91279	The Gualco Group	Invoice No '21-08Aug', Professional consulting services for August 2021	6,138.95
E91280	Kadesh & Associates, LLC	Invoice No. 09-21, Professional consulting services for August 2021	15,000.00
E91281	The Monares Group, LLC	Invoice No. '21-09Sep', Professional consulting services for September 2021	16,000.00
E91282	Ruffle Properties, LLC	Office lease, CAM, and Storage for October 2021 Invoice No. '21-10Oct', Office lease Invoice No. '21-10Oct-CAM', Electricity charges Invoice No. '21-10Oct-Storage', Storage Room	<u>6,845.79</u> <u>643.20</u> <u>150.00</u>
			7,638.99
E91283	Stetson Engineers, Inc.	Invoice No. 1609-005-001, Professional services for July 2021 - Prop 68 grant implementation	1,059.00
E91284	Vasquez & Company LLP	Invoice No. 2210787, Annual Audit of Financial Statements for FY 6/30/20 - Progress Billing - Final	10,031.00
TOTAL			<u><u>146,311.06</u></u>

mb
9-9-21



Water Quality Authority

EXPENSE SHEET

Board Member Per Diem
\$149.43 per meeting, 6 meeting maximum per month
Mileage Rate: \$0.56 per mile
(updated July 2021)

Per the requirements of AB1234, please attach back-up documentation (fliers, agendas, etc.) regarding meetings listed below. Alternatively, if no documentation is provided, AB1234 requires that a verbal report be provided at the next board meeting.

NAME: Bob Kuhn

MONTH/YEAR: Aug-21

DATE	MEETING	Roundtrip Mileage	# of Days (not to exceed 6)	\$149.43 PER DIEM
1 8/5/21	Meeting with Assemblymember Branco Rubio Talking about Housing and water issues in the San Gabriel Valley	0.0	1	\$149.43
2 8/11/21	SGVEP Board Meeting Can see the agenda for the details. Business of the Economic Partnership.	0.0	1	\$149.43
3 8/16/21	WQA Board Meeting See the agenda for the details. Business of the WQA	0.0	1	\$149.43
4 8/17/21	WQA to sign checks and resolutions	26.0	1	\$149.43
5				\$0.00
6				\$0.00
Total Meetings			4	\$597.72
Total Mileage (at \$0.56 per mile)		26		\$14.56

DATE	Expense Reimbursement Description (receipts required)	Amount
TOTAL Expenses		\$0.00

TOTAL MEETINGS, MILEAGE, EXPENSES			\$612.28
TOTAL			\$612.28

☐ Please check box if AB1234 documentation is attached.

I hereby certify that I have attended all of the meetings listed above and I have incurred and paid all of the above expenses on behalf of the SAN GABRIEL BASIN WATER QUALITY AUTHORITY.

Signature _____



Mileage Rate \$0.576 per mile



Water Quality Authority

EXPENSE SHEET

Board Member Per Diem
\$149.43 per meeting, 6 meeting maximum per month
Mileage Rate: \$0.56 per mile
(updated July 2021)

Per the requirements of AB1234, please attach back-up documentation (fliers, agendas, etc.) regarding meetings listed below. Alternatively, if no documentation is provided, AB1234 requires that a verbal report be provided at the next board meeting.

NAME: Edward L. Chavez

MONTH/YEAR: Aug-21

DATE	MEETING	Roundtrip Mileage	# of Days (not to exceed 6)	\$149.43 PER DIEM
1 8/4/21	Board Members' Meeting - San Gabriel Basin Watermaster		1	\$149.43
Meeting Description				
2 8/10/21	Board of Directors' Meeting - San Gabriel County Water District		1	\$149.43
Meeting Description				
3 8/11/21	Legislative & Public Information Committee - San Gabriel Basin WQA		1	\$149.43
Meeting Description				
4 8/17/21	City Council Meeting - City of San Gabriel		1	\$149.43
Meeting Description				
5 8/18/21	Board Members' Meeting - San Gabriel Basin Water Quality Authority		1	\$149.43
Meeting Description				
6 8/23/21	Board of Directors' Meeting - La Puente Valley County Water District		1	\$149.43
Meeting Description				
Total Meetings			6	\$896.58
Total Mileage (at \$0.56 per mile)		0		\$0.00

DATE	Expense Reimbursement Description (receipts required)	Amount
TOTAL Expenses		\$0.00

TOTAL MEETINGS, MILEAGE, EXPENSES	\$896.58
--	-----------------

TOTAL **\$896.58**

☐ Please check box if AB1234 documentation is attached.

I hereby certify that I have attended all of the meetings listed above and I have incurred and paid all of the above expenses on behalf of the SAN GABRIEL BASIN WATER QUALITY AUTHORITY.

Signature _____



Water Quality Authority

EXPENSE SHEET

Board Member Per Diem

\$149.43 per meeting, 6 meeting maximum per month

Mileage Rate: \$0.56 per mile

(updated July 2021)

Per the requirements of AB1234, please attach back-up documentation (fliers, agendas, etc.) regarding meetings listed below. Alternatively, if no documentation is provided, AB1234 requires that a verbal report be provided at the next board meeting.

NAME: Jorge A. Marquez

MONTH/YEAR: Aug-21

DATE	MEETING	Roundtrip Mileage	# of Days (not to exceed 6)	\$149.43 PER DIEM
1 8/9/21	SGV RCC - Gov't Meeting - WQA Member	0.0	1	\$149.43
Meeting Description	WQA is a member of the SGVRCC - Every month member serves as Chair for the Government Affairs Committee. Aug. 2021 Chair provided brief update on WQA. - Held with Zoom Meeting			
2 8/11/21	Legislative Committee - WQA	0.0	1	\$149.43
Meeting Description	Regular WQA Legislative Committee Meeting - Held with Zoom			
3 8/18/21	WQA Board Meeting	0.0	1	\$149.43
Meeting Description	Regular WQA Meeting - Held with Zoom			
4 8/19/21	Meeting with Staff and WQA Chair	0.0	1	\$149.43
Meeting Description	Meeting to go over continued outreach efforts for local cities.			
5 8/28/21	Meeting with Upper SGVMWD Director Garcia	0.0	1	\$149.43
Meeting Description	Meeting with Upper SGVMWD Director Garcia to discuss WQA issues and Upper District. Main discussion - history of WQA and conservation efforts for the SGV.			
6 8/31/21	Meeting with WQA Consultant	0.0	1	\$149.43
Meeting Description	Update: Matters facing WQA until end of the year.			
Total Meetings			6	\$896.58
Total Mileage (at \$0.56 per mile)		0		\$0.00

DATE	Expense Reimbursement Description (receipts required)	Amount
	TOTAL Expenses	\$0.00

TOTAL MEETINGS, MILEAGE, EXPENSES			\$896.58
TOTAL			\$896.58

☐ Please check box if AB1234 documentation is attached.

I hereby certify that I have attended all of the meetings listed above and I have incurred and paid all of the above expenses on behalf of the SAN GABRIEL BASIN WATER QUALITY.



Water Quality Authority

EXPENSE SHEET

Board Member Per Diem
\$149.43 per meeting, 6 meeting maximum per month
Mileage Rate: \$0.56 per mile
(updated July 2021)

Per the requirements of AB1234, please attach back-up documentation (fliers, agendas, etc.) regarding meetings listed below. Alternatively, if no documentation is provided, AB1234 requires that a verbal report be provided at the next board meeting.

NAME: Valerie Munoz

MONTH/YEAR: Aug-21

DATE	MEETING	Roundtrip Mileage	# of Days (not to exceed 6)	\$149.43 PER DIEM
1 8/11/21	Legislative and Pub Meeting committee meeting for WQA leg and pub meeting		1	\$149.43
	Meeting Description			
2 8/17/21	WQA Board Meeting		1	\$149.43
	Meeting Description			
3 8/19/21	Meeting with Director Marquez and WQA Staff City Outreach Webinar Meeting with WQA Staff and director Marquez to discuss and plan the next city outreach session. In office Check signing and staff review		1	\$149.43
	Meeting Description			
4 8/24/21	Legislative update with Congresswoman Grace Napolitano Legislative update with Congresswoman Grace Napolitano and WQA staff and vice chair Paulson		1	\$149.43
	Meeting Description			
5 8/31/21	Meeting with Executive Director Meeting with executive director to dicuss superfund sites, and general WQA updates		1	\$149.43
	Meeting Description			
6				\$0.00
	Meeting Description			
Total Meetings			5	\$747.15
Total Mileage (at \$0.56 per mile)		0		\$0.00

DATE	Expense Reimbursement Description (receipts required)	Amount
TOTAL Expenses		\$0.00

TOTAL MEETINGS, MILEAGE, EXPENSES			\$747.15
TOTAL			\$747.15

☐ Please check box if AB1234 documentation is attached.

I hereby certify that I have attended all of the meetings listed above and I have incurred and paid all of the above expenses on behalf of the SAN GABRIEL BASIN WATER QUALITY AUTHORITY.

Signature _____



Water Quality Authority

XPENSE SHEET

Board Member Per Diem
\$149.43 per meeting, 6 meeting maximum per month
Mileage Rate: \$0.56 per mile
(Updated July 2012)

4, please attach back-up documentation (fliers, agendas, etc.) regarding meetings. Alternatively, if no documentation is provided, AB1234 requires that a verbal report be provided at the next board meeting.

NAME: Mark Paulson

MONTH/YEAR: Aug-21

DATE	MEETING	Roundtrip Mileage	# of Days (not to exceed 6)	\$149.43 PER DIEM
1 8/10/21	Committee Meeting		1	\$149.43
Meeting Description				
2 8/18/21	Board Meeting		1	\$149.43
Meeting Description				
3 8/24/21	Meeting w/ Congresswoman Napolitano		1	\$149.43
Meeting Description				
4				\$0.00
Meeting Description				
5				\$0.00
Meeting Description				
6				\$0.00
Meeting Description				
Total Meetings			3	\$448.29
Total Mileage (at \$0.56 per mile)		0		\$0.00

DATE	Expense Reimbursement Description (receipts required)	Amount
	TOTAL Expenses	\$0.00

TOTAL MEETINGS, MILEAGE, EXPENSES			\$448.29
TOTAL			\$448.29

Please check box if AB1234 documentation is attached.

I hereby certify that I have attended all of the meetings listed above and I have incurred and paid all of the above expenses on behalf of the SAN GABRIEL BASIN WATER QUALITY AUTHORITY.

Sign



Water Quality Authority

EXPENSE SHEET

Board Member Per Diem

\$149.43 per meeting, 6 meeting maximum per month

Mileage Rate: \$0.56 per mile

(updated July 2021)

Per the requirements of AB1234, please attach back-up documentation (fliers, agendas, etc.) regarding meetings listed below. Alternatively, if no documentation is provided, AB1234 requires that a verbal report be provided at the next board meeting.

NAME: Lynda NoriegaMONTH/YEAR: Aug-21

DATE	MEETING	Roundtrip Mileage	# of Days (not to exceed 6)	\$149.43 PER DIEM
1 8/10/21	WQA Administrative/Finance Committee Meeting To consider updates to administrative procedures, discuss ACWA Region 8 Election and Committee Nominations for recommendation to the WQA Board of Directors.		1	\$149.43
2 8/18/21	WQA Board of Directors Meeting Consider items as recommended by the WQA Administrative/Finance Committee, hold public hearing regarding WQA annual pumping rights assessments, and receive reports from staff.		1	\$149.43
3				\$0.00
4				\$0.00
5				\$0.00
6				\$0.00
Total Meetings			2	\$298.86
Total Mileage (at \$0.56 per mile)		0		\$0.00

DATE	Expense Reimbursement Description (receipts required)	Amount
TOTAL Expenses		\$0.00

TOTAL MEETINGS, MILEAGE, EXPENSES			\$298.86
TOTAL			\$298.86

☐ Please check box if AB1234 documentation is attached.

I hereby certify that I have attended all of the meetings listed above and I have incurred and paid all of the above expenses on behalf of the SAN GABRIEL BASIN WATER QUALITY AUTHORITY.

DocuSigned by:

Sic

DRAFT

The following demands on the Project Fund Account and Trustee Account at Bank of the West are hereby submitted for payment.

Check No.	Payable to	Description	Amount	Funding Sources
<u>BALDWIN PARK OPERABLE UNIT</u>				
E91285	RC Foster Corporation	Invoice No. 02-21-037, Project costs for Spare parts costs for	755.02	CR's
<u>SOUTH EL MONTE OPERABLE UNIT</u>				
E91286	Avocet Environmental Inc.	Project costs for Whitmore Street Groundwater Remediation Facility and Site Investigation Project for August 2021		
		Invoice No. 6685 - Whitmore GW Treatment System	5,329.76	
		Invoice No. 6686 - Round 1 Prop 1-Whitmore Hydropunch	9,789.50	
		Invoice No. 6687 - Round 3 Prop 1-Conceptual Design WSGRF Expansion	10,427.00	
		Invoice No. 6688 - Round 2 Prop 1 SGV Priority Sites	<u>167,399.52</u>	192,945.78 WQA/Prop 1
E91287	Golden State Water Company	Invoice No. 14056-ACD, Project T&R costs for SG1 & 2 VOC for January to March 2021	7,075.04	EPA
E91288	San Gabriel Valley Water Co.	Project T&R Costs for Plant 8 LGAC and Air Stripper for January to March 2021		
		Invoice No. 21-02073, Plant 8 A.S. for January	9,838.28	
		Invoice No. 21-05140, Plant 8 A.S. for February	10,251.80	
		Invoice No. 21-06149, Plant 8 A.S. for March	10,992.26	
		Invoice No. 21-02074, Plant 8 LGAC for January	12,864.94	
		Invoice No. 21-08198, Plant 8 LGAC for February	57,779.44	
		Invoice No. 21-08211, Plant 8 LGAC for March	<u>12,444.36</u>	114,171.08 EPA
Total Project Costs			<u>314,946.92</u>	

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9-9-21

DRAFT

The following demands on the Project Fund Account at Bank of the West are hereby submitted for payment. Pursuant to the BPOU Project Agreement Section 4.7 Payment of Invoices, the following invoices were approved by the BPOU Project Committee on September 1, 2021.

Check No.	Payable to	Description	Amount	Funding Sources
<u>BALDWIN PARK OPERABLE UNIT</u>				
E91289	La Puente Valley County WD	Invoice No. 4-2021-07, Project T&R costs for July 2021	127,323.66	CR's
E91290	Main San Gabriel Basin Watermaster	Invoice No. 02-234, Administrative Project Costs for July 2021		
		Administrative costs	87,271.78	
		T&R costs	<u>14,956.33</u>	102,228.11 CR's
E91291	Suburban Water Systems	Invoice No. 59880821, Project T&R costs for July 2021	234,215.43	CR's
E91292	Valley County Water District	Project costs for July 2021		
		Invoice No. 442-CR, T&R costs credit	(30,549.55)	
		Invoice No. 445, T&R costs	149,280.91	
		Invoice No. 446, T&R costs	<u>5,262.61</u>	123,993.97 CR's
E91293	California Domestic Water Co.	Project costs for July 2021		
		Invoice No. 3490, T&R costs for Perchlorate	22,954.83	
		Invoice No. 3491, T&R costs for NDMA & VOC's	<u>166,351.55</u>	189,306.38 CR's
E91294	San Gabriel Valley Water Co.	Project costs for June 2021		
		Invoice No. 21-08201, B5 T&R costs	148,812.27	
		Invoice No. 21-08199, B6 T&R costs	461,977.76	
		Invoice No. 21-08210, B6 T&R costs	2,000.80	
		Invoice No. 21-08207, B6 T&R Capital costs-UV Flex Treatment	<u>2,085.60</u>	614,876.43 CRs
Total BPOU Project Costs			<u>1,391,943.98</u>	

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9-9-21



San Gabriel Basin Water Quality Authority

1720 W. Cameron Avenue, Suite 100, West Covina, CA 91790 • 626-338-5555 • Fax 626-338-5775

AGENDA SUBMITTAL

To: WQA Board of Directors
From: Randy Schoellerman, Executive Director
Date: September 15, 2021
Subject: **Draft of Audited Financial Statements for the Fiscal Year Ended June 30, 2020**

Discussion

The draft of the annual audit for the fiscal year ended June 30, 2020, is hereby submitted to the WQA Board Members for review, discussion and approval. It is comprised of the following two documents.

- Financial Statement Audit of Basic Financial Statements
- Single Audit on Expenditures of Federal Awards

Vasquez & Co LLP is the WQA's current audit firm. Mr. Roger Martinez, the Audit Practice & Quality Control Partner is presenting the audit draft.

In addition to the Financial Statement Audit and the Single Audit is the Report to the Board of Directors. The Report includes two additional documents issued at the completion of the audit.

- The Summary of Audit Results – this is the Auditor's Communication with Those Charged with Governance and summarizes the auditor's responsibility regarding the audit as well as observations arising from the audit.
- The Management Representation Letter which is submitted by WQA to Vasquez detailing WQA's responsibilities in the audit process. Once the audit is approved by the Board, the letter is printed on WQA letterhead and signed by the Executive Director and the Director of Finance.

Recommendation / Proposed Action

Staff requests that the Board approve the annual audit for the fiscal year ended June 30, 2020.

Attachments

Draft of the Financial Statement Audit and Single Audit for the fiscal year ended June 30, 2020.
Report to the Board - Summary of Audit Results & Management Representation Letter.

Draft 09.09.2021



Water Quality Authority

San Gabriel Basin Water Quality Authority
Audited Financial Statements
As of and for the Years Ended June 30, 2020 and 2019
with Independent Auditor's Report

Draft 09.09.2021

San Gabriel Basin Water Quality Authority
Audited Financial Statements
As of and for the Years Ended June 30, 2020 and 2019
with Independent Auditor's Report

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Independent Auditor's Report

The Honorable Members of the Board of Directors San Gabriel Basin Water Quality Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the San Gabriel Basin Water Quality Authority (the Authority), which comprise the statements of net position as of June 30, 2020 and 2019, the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements (collectively, the Authority's basic financial statements).

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2020 and 2019, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 3 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2021 on our consideration of the Authority'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 Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

**Glendale, California
September 15, 2021**

SAN GABRIEL BASIN WATER QUALITY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2020

INTRODUCTION

The San Gabriel Basin Water Quality Authority (Authority) is a special district whose major function is to facilitate the development, financing and implementation of groundwater treatment programs in the San Gabriel Valley. The groundwater treatment programs are located in Operable Units within the San Gabriel Valley - the Baldwin Park Operable Unit (BPOU), the El Monte Operable Unit (EMOU), the Puente Valley Operable Unit (PVOU), the South El Monte Operable Unit (SEMOU), Area Three Operable Unit (ATOU) and the Whittier Narrows Operable Unit (WNOU). Additionally, there are several treatment programs located outside of the defined Operable Units.

DESCRIPTION OF FINANCIAL STATEMENTS

The Authority's basic financial statements include the following three statements:

The *statements of net position* present information on all of the Authority's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the Authority.

The *statements of revenues, expenses and changes in net position* present information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows, as revenues and expenses are recognized on the accrual basis of accounting.

The *statements of cash flows* are related to the other financial statements by the way they link changes in assets and liabilities to the effect on cash and cash equivalents over the course of the fiscal year.

The notes to the financial statements provide useful information regarding the Authority's significant accounting policies, and explain significant account balances and activities, certain material risks, obligations, commitments, contingencies and subsequent events, if any.

SAN GABRIEL BASIN WATER QUALITY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2020

SUMMARY FINANCIAL INFORMATION AND ANALYSIS

The following condensed financial information provides an overview of the Authority's financial position and financial activities as of and for the fiscal years ended June 30, 2020 and 2019.

	<u>June 30</u>		<u>Dollar</u>	<u>Percentage</u>
	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>Change</u>
Assets				
Current assets	\$ 12,809,316	\$ 13,371,415	\$ (562,099)	-4.2%
Other capital assets , net	4,108,367	4,383,342	(274,975)	-6.3%
Construction in progress	23,617,790	22,035,972	1,581,818	7.2%
Noncurrent assets	<u>1,620,938</u>	<u>1,994,497</u>	<u>(373,559)</u>	<u>-18.7%</u>
Total assets	<u>\$ 42,156,411</u>	<u>\$ 41,785,226</u>	<u>\$ 371,185</u>	<u>0.9%</u>
Liabilities				
Current liabilities	\$ 6,849,716	\$ 6,854,626	\$ (4,910)	-0.1%
Noncurrent liabilities	<u>1,598,087</u>	<u>1,971,700</u>	<u>(373,613)</u>	<u>-18.9%</u>
Total liabilities	<u>8,447,803</u>	<u>8,826,326</u>	<u>(378,523)</u>	<u>-4.3%</u>
Net Position				
Investment in capital assets	27,726,157	26,419,314	1,306,843	4.9%
Restricted	2,710,394	3,510,394	(800,000)	-22.8%
Unrestricted	<u>3,272,057</u>	<u>3,029,192</u>	<u>242,865</u>	<u>8.0%</u>
Total net position	<u>33,708,608</u>	<u>32,958,900</u>	<u>749,708</u>	<u>2.3%</u>
Total liabilities and net position	<u>\$ 42,156,411</u>	<u>\$ 41,785,226</u>	<u>\$ 371,185</u>	<u>0.9%</u>

SAN GABRIEL BASIN WATER QUALITY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2020

Summary of Statements of Net Position

Current Assets - At June 30, 2020, current assets totaled \$12.8M and were comprised primarily of \$7.2M of cash and investments and \$4.6M of accounts receivable. At June 30, 2019, current assets totaled \$13.4M and were comprised primarily of \$8.4M of cash and investments and \$4.0M of accounts receivable. Current assets decreased \$562K or 4.2% over the prior year, with cash and investments decreasing \$1.2 M and accounts receivable increasing by \$631K. The decrease in cash and investments of \$1.2M or 13.9% is due primarily to payments of grants to water entities for capital costs in the PVOU, as well as costs paid by the Authority for unfunded ongoing projects in the SEMOU. The increase in accounts receivable of \$631K or 15.9% is due primarily to an increase of \$863K in responsible parties funding receivable offset by a decrease in federal grants receivable of \$194K.

Other Capital Assets - During FY 2020, purchases of office equipment totaled \$19K. The current year additions along with depreciation of \$294K resulted in a net decrease in capital assets of \$275K, or 6.3%. During the prior FY 2019 purchases of office equipment totaled \$11K, with depreciation of \$289K resulting in a net decrease in capital assets of \$278K, or 6.0%.

Construction in Progress (CIP) - As described in the Introduction, the groundwater treatment programs are located in Operable Units within the San Gabriel Valley. Each Operable Unit has unique terms to describe the parties responsible for contamination of the groundwater. These terms include Responsible Parties (RPs), Cooperating Respondents, Performing Settling Defendants, Settling Defendants, Potentially Responsible Parties, and Work Parties. Hereafter, these parties shall be collectively referenced as RPs. The Authority, through agreements with various RPs and local Water Producers has agreed to provide capital funding for various projects in the San Gabriel Basin. Capital costs associated with these projects are accounted for as CIP and include land acquisition costs, design costs, construction costs, professional fees, labor costs and other related project costs. Through agreements, the projects have a variety of funding sources including the Authority's pumping right assessments and capital contributions from RPs, Water Producers, and federal and state grants. The funding received for projects under construction are recorded as capital contributions. Upon completion of a project, if the related asset is owned by the Authority, it is transferred to capital assets and depreciated. For completed projects where title is retained by the Water Producer, the Authority transfers the asset to the Water Producer.

SAN GABRIEL BASIN WATER QUALITY AUTHORITY

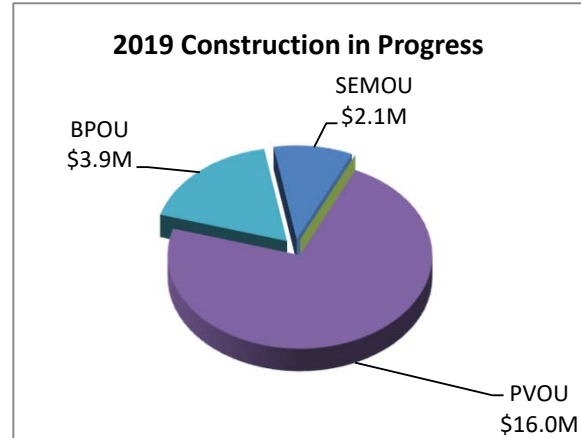
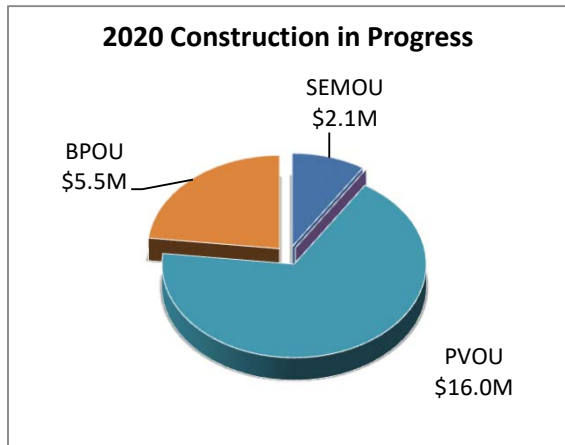
MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2020

Summary of Statements of Net Position (continued)

Construction in Progress (CIP) (continued) - Shown below is the composition of CIP by Operable Unit as of June 30, 2020 and 2019.



At June 30, 2020, CIP totaled \$23.6M, a net increase of \$1.6M or 7.2% from FY 2019. Approximately 23.2% of CIP is related to the BPOU, 67.8% is related to the PVOU with the remaining 9.0% related to the SEMOU. During FY 2020, the Authority incurred \$1.2M of CIP for the UV/Flex modular treatment system at the San Gabriel Valley Water Company B-6 treatment facility as well as \$300K for the La Puente Valley County Water District future nitrate treatment. At the prior year ended June 30, 2019, CIP totaled \$22.0M, with approximately 17.7% of CIP related to the BPOU, 72.7% related to the PVOU and the remaining 9.6% related to the SEMOU. During FY 18/19 the Authority incurred \$1.6M of CIP for the continuing design and construction of the Arrow Well Rehab project at the treatment facility for the BPOU Valley County Water District. Additionally, CIP was reduced by \$6.1M related to the completion of BPOU treatment facility projects that were transferred to the Water Producers. The transfer of the completed CIP is included in the 2019 financial statements as a nonoperating expense on the Statements of Revenue, Expenses and Changes in Net Position. No such transfer occurred for the fiscal year ended June 30, 2020.

SAN GABRIEL BASIN WATER QUALITY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2020

Listed below are descriptions of the major projects currently under construction and included in CIP as of June 30, 2020.

Summary of Statements of Net Position (continued)

Construction in Progress (CIP) (continued)

BALDWIN PARK OPERABLE UNIT

Valley County Water District (VCWD) Single Pass Treatment Facility

\$2.4M related primarily to the Arrow Well Rehab project including sitework, discharge and rubber dams, equipment, permitting and engineering.

San Gabriel Valley Water Company (SGVWC) Plant B6

\$2.8M related to the design and construction of an additional fixed bed ion exchange treatment system for the removal of nitrates.

PUENTE VALLEY OPERABLE UNIT

Intermediate Zone Remedy - Northrop Grumman

\$16.0M related primarily to the design and construction of extraction wells, conveyance pipelines, and the design of a treatment facility located at a site in the PVOU.

SOUTH EL MONTE OPERABLE UNIT

San Gabriel Valley Water Company (SGVWC) 1,4 Dioxane Treatment Facility

\$2.1M related to the design of and equipment for an advanced oxidation system for the treatment of 1,4 dioxane contamination at SGVWC's Plant 8.

SAN GABRIEL BASIN WATER QUALITY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2020

Summary of Statements of Net Position (continued)

Current Liabilities - At 2020, current liabilities totaled \$6.8M, a increase of \$5.0k from the fiscal year 2019, and are comprised primarily of accounts payable and unearned revenue. At 2019, current liabilities totaled \$6.9M, and are also comprised primarily of accounts payable and unearned revenue.

Accounts payable is \$5.1M for the current year which is an increase of \$748K from FY 2019 primarily due to an increase in payables for BPOU projects of \$1.0M offset by a decrease in payables to SEMOU water producers of \$165K. Both the increase in BPOU payables and decrease in SEMOU payables are due to fluctuations in capital and T & R project costs for the current fiscal year, and are controlled by the timing and amount of submittals for cost reimbursements from RPs and Water Producers.

Unearned revenue relates to funds previously received by the Authority by way of various settlement agreements with SEMOU RPs. The funds are held to pay certain SEMOU project costs as per agreement. During the current year, \$749K of unearned revenue was recognized as income related to payment of T & R costs to the SEMOU water producers. Accordingly, the unearned revenue balance decreased from \$2.0M to \$1.2M. During the prior year, \$364K of unearned revenue was recognized as income.

Noncurrent Assets/Noncurrent Liabilities - Between the years of 2003 through 2005, the Authority received loan proceeds totaling \$6.4M from the Department of Toxic Substances Control through the State Water Resources Control Board (SWRCB) for reimbursement of project costs related to the VCWD SA1 project located in the BPOU. At June 30, 2020, the note payable totaled \$1.9M, of which the current portion is \$374K and the noncurrent portion is \$1.6M. The Authority has a corresponding note receivable from the BPOU RPs of \$1.90M. The proceeds from the note receivable are used by the Authority to repay the note payable in accordance with the Authority's repayment terms with the SWRCB. Accordingly, the noncurrent portion of the receivable is recorded as a noncurrent asset, with a balance of \$1.6M as of June 30, 2020. Noncurrent assets and noncurrent liabilities both decreased by \$374K during the current year due to payments from the BPOU RPs under the note receivable and the Authority's corresponding payments made on the note payable to SWRCB.

SAN GABRIEL BASIN WATER QUALITY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2020

Summary of Statements of Net Position (continued)

Net Position - Investment in Capital Assets - For FY 2020, investment in capital assets totaled \$27.7M and was comprised of CIP of \$23.6M and other capital assets net of depreciation of \$4.1M. For FY 2019, investment in capital assets totaled \$26.4M and was comprised of CIP of \$22.0M and other capital assets, net of depreciation, of \$4.4M. The increase of \$1.3M or 4.9% from FY 2019 resulted primarily from an increase in CIP of \$1.65M in construction activities and a decrease in other capital assets due depreciation expense of \$294K offset by purchases of office equipment of \$19K.

Net Position - Restricted - For FY 2020, net position-restricted totaled \$2.7M, which is a decrease of \$800K or 22.8% from FY 2019. The decrease is due to the payment of funding awards to water entities through the FFPA program. Net position-restricted includes cash, investments and receivables comprised primarily from federal funding and settlement funds that are restricted for use under various agreements as discussed below. The Authority has entered into several agreements with the United States Bureau of Reclamation (USBR) to provide funding through two federal programs (Title XVI and Restoration Funds) for water treatment facilities located in the San Gabriel Basin. The funds are provided to the Authority on a reimbursement basis and then applied to projects through the Authority's Federal Funding Program Administration (FFPA) program. The Authority has also entered into Cooperative Agreements with the United States Environmental Protection Agency (EPA) to provide funding for water treatment facilities in the SEMOU. These funds are received by the Authority on an advance basis and must be paid to the Water Producers within a few days of the receipt of funds. In addition to the funding from USBR and EPA, the Authority has reached several financial settlements with RPs in the BPOU, EMOU, PVOU and SEMOU. Certain of the settlement funds are deposited into the Authority accounts and are disbursed for capital and T & R costs incurred in connection with the specific projects identified in the agreements.

SAN GABRIEL BASIN WATER QUALITY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2020

Summary of Revenues, Expenses and Changes in Net Position

	Year ended June 30		Dollar Change	Percentage Change
	2020	2019		
Total operating revenues	\$ 22,127,069	\$ 20,198,202	\$ 1,928,867	9.5%
Total operating expenses	22,349,123	20,575,435	1,773,688	8.6%
Operating loss	(222,054)	(377,233)	155,179	-41.1%
Nonoperating revenues	170,463	218,721	(48,258)	-22.1%
Nonoperating expenses	(53,236)	(6,136,036)	6,082,800	-99.1%
Loss before capital contributions	(104,827)	(6,294,548)	6,189,721	-98.3%
Capital contributions	854,535	303,958	550,577	181.1%
Change in net position	749,708	(5,990,590)	6,740,298	-112.5%
Beginning net position	32,958,900	38,949,490	(5,990,590)	-15.4%
Ending net position	<u>\$ 33,708,608</u>	<u>\$ 32,958,900</u>	<u>\$ 749,708</u>	<u>2.3%</u>

Operating Revenues - Total operating revenues increase by \$1.9M or 9.5% in the current year due primarily to an increase of \$851K in RP contributions, an increase in assessment revenue of \$395K and an increase of \$725K in federal funding.

RP Contributions - Through agreements, T & R costs for projects located primarily in the BPOU and SEMOU are paid through the Authority. For FY 2020, the Authority recognized as revenue of \$16.1M in funding from the BPOU RPs and \$749K from the SEMOU RPs for costs related to these projects, an overall increase of \$851K or 5.3% over the prior year. The increase is due primarily to increases in T & R costs for the BPOU and SEMOU projects. For the prior year 2019, the Authority recognized as revenue \$15.6M from the BPOU RPs and \$364K from the SEMOU RPs.

SAN GABRIEL BASIN WATER QUALITY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2020

Summary of Revenues, Expenses and Changes in Net Position (continued)

Federal Funding - The Authority recognizes as income certain federal grants that are used to pay for project T & R costs. During FY 2020, \$2.9M was recognized as income from federal grants, an increase of \$725K or 33.7%, which was due primarily to the federal grant for the SEMOU. The increase is due to the timing of the approval of reimbursements to the Water Producers. Certain federal funds that would typically have been included in FY 2019 were not approved by the grantor until the subsequent FY 2020 year, and therefore were not included in the 2019 fiscal year. These federal funds were included in the 2020 fiscal year.

Operating Expenses - Total operating expenses increased by \$1.8M or 8.6% in the current year primarily due to a \$1.5M increase in project T & R costs and a \$188K increase in project grants.

Professional Services - Professional services for FY 2020 are \$98K. Costs incurred during 2020 include costs for general legal counsel and the services of certain professional firms, including project legal costs, a database and mapping consultant, an outside accountant, and audit services. There is a \$57K net decrease in the current year over the prior year due primarily to a decrease in database and mapping costs of \$79K and an increase in project legal costs of \$18.5K.

Project T & R Costs - Project T & R costs total \$18.9M and are related primarily to projects within the BPOU and SEMOU. Although the majority of these costs are funded through RPs, for FY 2020 approximately \$2.1M in costs were funded by federal funding sources. The \$1.48M increase in the current year is due to increases in costs related to the treatment and remediation process in the BPOU, as well as the timing of approval of the reimbursements for the SEMOU T & R costs.

SAN GABRIEL BASIN WATER QUALITY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

June 30, 2020

Summary of Revenues, Expenses and Changes in Net Position (continued)

Nonoperating Revenues (Expenses)- For FY 2020 Nonoperating Revenues (Expenses) include interest income and interest expense. For FY 2019 Nonoperating Revenues (Expenses) include interest income, interest expense as well as transfers of \$6.1M of completed capital projects that were transferred to Water Producers. During FY 2020 there were no transfers of completed projects.

Capital Contributions

Capital Contributions	Years ended June 30	
	2020	2019
Responsible Parties	\$ 854,535	\$ 303,958
Total Capital Contributions	\$ 854,535	\$ 303,958

Revenues that are restricted for capital expenditures are recorded as capital contributions. As funding is received for capital projects, it is recorded as a capital contribution and the corresponding costs are recorded as CIP. Capital contributions increased by \$551K in the current year due to an increase in the CIP during FY 2020. The capital contributions were received from the BPOU RPs for construction reimbursements for the SGVWC B6 project and the LPVCWD Nitrate project.

SAN GABRIEL BASIN WATER QUALITY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

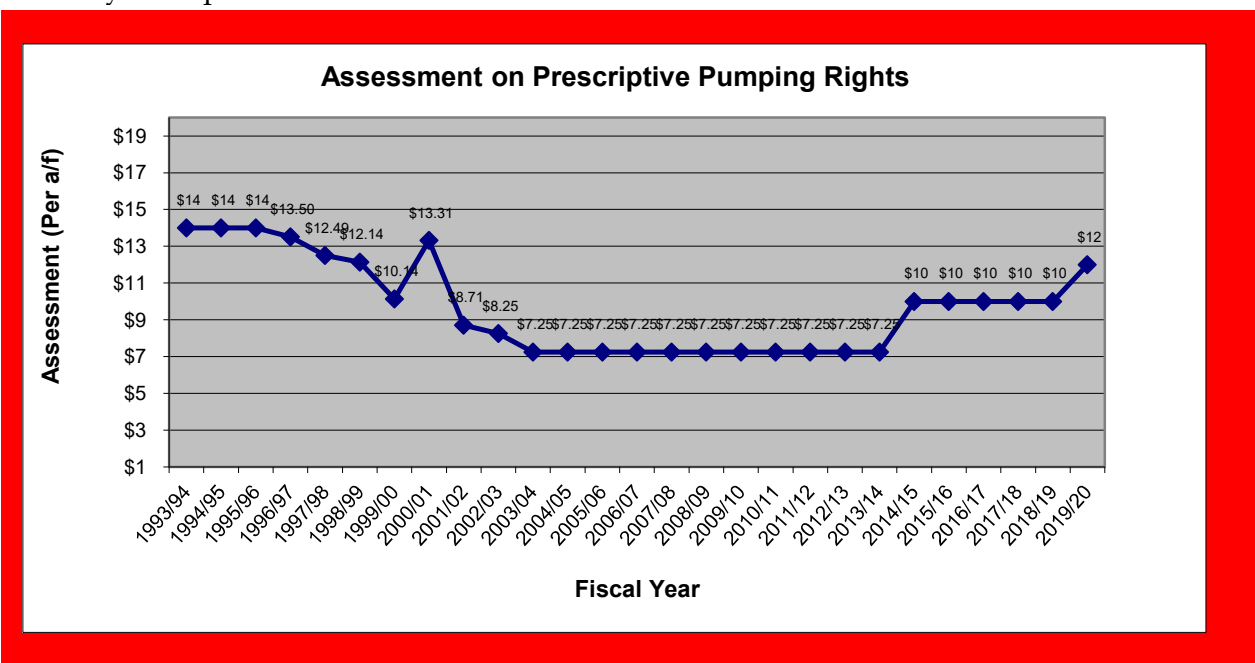
June 30, 2020

Economic Factors

Assessment - Section 605 of the Authority's enabling Act, as amended effective January 1, 2004, grants the Authority the ability to impose an annual pumping right assessment not to exceed \$10 per acre-foot. Additionally, Section 608 of the enabling Act grants the Authority the ability to annually adjust the assessment rate by an amount not to exceed the percentage change in the LA/Long Beach/Anaheim Consumer Price Index - All Urban Consumers (CPI). The increase in the CPI from 2004 to 2019 is 38.5%, resulting in an allowable maximum assessment of \$14.60 per acre-foot.

Prior to FY 2015, the Authority had minimized assessment dollars needed by securing funding from outside sources such as federal funding, state funding, RP funding as well as utilizing its reserve that had been built up in previous years. As such, the Authority had been able to maintain the assessment at \$7.25 per acre-foot for eleven consecutive years through FY 2014. During FY 2015, the assessment was increased to \$10 per acre-foot, and remained at that rate through FY 2019. For FY 2020, the assessment was increased to \$12 per acre-foot.

The following table presents the historical annual assessment rate per acre-foot since the Authority's inception.



San Gabriel Basin Water Quality Authority
Statements of Net Position

		June 30	
		2020	2019
ASSETS			
Current assets			
Cash and investments	\$	7,230,272	\$ 8,401,955
Accounts receivable		4,609,727	3,978,956
Inventories		444,879	444,879
Prepaid expenses and other receivables		72,703	65,732
Interest receivable		78,122	116,103
Current portion of note receivable		373,613	363,790
Total current assets		12,809,316	13,371,415
Noncurrent assets			
Capital assets:			
Construction in progress		23,617,790	22,035,972
Other capital assets, net of accumulated depreciation		4,108,367	4,383,342
Total capital assets, net		27,726,157	26,419,314
Deposits		22,851	22,797
Note receivable, net of current portion		1,598,087	1,971,700
Total noncurrent assets		29,347,095	28,413,811
Total assets	\$	42,156,411	\$ 41,785,226
LIABILITIES			
Current liabilities			
Accounts payable	\$	5,112,240	\$ 4,363,820
Accrued expenses		75,955	79,841
Interest payable		53,236	63,058
Unearned revenue		1,234,672	1,984,117
Current portion of note payable		373,613	363,790
Total current liabilities		6,849,716	6,854,626
Noncurrent liabilities			
Note payable, net of current portion		1,598,087	1,971,700
Total noncurrent liabilities		1,598,087	1,971,700
Total liabilities		8,447,803	8,826,326
NET POSITION			
Investment in capital assets		27,726,157	26,419,314
Restricted		2,710,394	3,510,394
Unrestricted		3,272,057	3,029,192
Total net position		33,708,608	32,958,900
Total liabilities and net position	\$	42,156,411	\$ 41,785,226

See notes to financial statements.

San Gabriel Basin Water Quality Authority
Statements of Revenues, Expenses and Changes in Net Position

	Years ended June 30	
	2020	2019
Operating revenues		
Pumping right assessments	\$ 2,371,336	\$ 1,976,112
Responsible party contributions	16,822,720	15,972,158
Federal funding sources	2,878,347	2,153,579
State funding	54,666	96,353
Total operating revenues	22,127,069	20,198,202
Operating expenses		
Project treatment and remediation costs	18,884,128	17,404,127
Project grants	928,347	739,977
Administrative salaries	902,722	806,085
Consulting	520,343	521,911
Depreciation	293,724	289,600
Fringe benefits	268,171	259,392
Public relations	155,198	108,335
Professional services	97,804	154,568
Office rent	91,668	89,689
Board member fees	39,855	38,105
Equipment rent and maintenance	36,683	43,090
Travel and conferences	30,667	33,459
Discharge permit activities	29,943	16,717
Insurance	28,101	27,696
Dues and subscriptions	23,855	22,737
Supplies	10,692	13,037
Telephone and utilities	6,481	5,383
Miscellaneous expense	741	1,527
Total operating expenses	22,349,123	20,575,435
Operating loss	(222,054)	(377,233)
Nonoperating revenues (expenses)		
Interest income	170,463	218,721
Interest expense	(53,236)	(63,058)
Transfer of capital assets to water producers	-	(6,072,978)
Net nonoperating revenues (expenses)	117,227	(5,917,315)
Loss before capital contributions	(104,827)	(6,294,548)
Capital contributions	854,535	303,958
Change in net position	749,708	(5,990,590)
Net position at beginning of year	32,958,900	38,949,490
Net position at end of year	\$ <u>33,708,608</u>	\$ <u>32,958,900</u>

See notes to financial statements.

	Years ended June 30	
	2020	2019
Cash flows from operating activities		
Cash from operating revenues	\$ 20,746,853	\$ 18,816,282
Cash paid to suppliers for goods and services	(20,107,142)	(18,206,536)
Cash paid to or on behalf of employees for services	(1,210,748)	(1,103,582)
Net cash used in operating activities	(571,037)	(493,836)
Cash flows from noncapital financing activities		
Proceeds received from note receivable	363,790	354,226
Interest received from note receivable	63,058	72,622
Payments on note payable	(363,790)	(354,226)
Interest paid on note payable	(63,058)	(72,622)
Net cash provided by noncapital financing activities	-	-
Cash flows from capital and related financing activities		
Acquisition of capital assets	(18,749)	(11,275)
Construction in progress expenditures	(1,581,818)	(1,567,829)
Capital contributions received	854,535	303,958
Net cash used in capital and related financing activities	(746,032)	(1,275,146)
Cash flows from investing activities		
Interest received on investments	145,386	148,344
Cash provided by investing activities	145,386	148,344
Net change in cash and cash equivalents	(1,171,683)	(1,620,638)
Cash and cash equivalents at beginning of year	8,401,955	10,022,593
Cash and cash equivalents at end of year	\$ 7,230,272	\$ 8,401,955

See notes to financial statements.

	Years ended June 30	
	2020	2019
Cash flows from operating activities		
Operating loss	\$ (222,054)	\$ (377,233)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Depreciation	293,724	289,600
(Increase) in accounts receivable	(630,771)	(1,017,706)
(Increase) decrease in prepaid expenses and other receivables	(6,971)	9,571
(Increase) in deposits	(54)	(39)
Increase in accounts payable and accrued expenses	744,534	966,185
Decrease in unearned revenue	(749,445)	(364,214)
Net cash used in operating activities	\$ (571,037)	\$ (493,836)

See notes to financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Nature of Organization**

The San Gabriel Basin Water Quality Authority, initially named as the Main San Gabriel Basin Water Quality Authority, was formed in 1990 as a joint powers authority (JPA) in order to finance and construct treatment facilities to purify the contaminated groundwater within the San Gabriel Valley. The Main San Gabriel Basin Watermaster, Upper San Gabriel Valley Municipal Water District, Three Valleys Municipal Water District and San Gabriel Valley Municipal Water District were members of this JPA and provided it with a source of funding for its operations. On February 11, 1993, the Main San Gabriel Basin Water Quality Authority was converted by the State Legislature (SB 1679 – The San Gabriel Basin Water Quality Authority Act) (the Act) from a JPA to a special district and renamed the San Gabriel Basin Water Quality Authority (Authority). Under the direction of a seven-member Board, the major functions of the Authority are to develop, finance and implement groundwater treatment programs in the San Gabriel Valley. The legislative act authorized the Authority to impose pumping right assessments to carry out its treatment activities. Senate Bill No. 429 became law in September 2013, amending certain sections of the Act and extending the Act until July 1, 2030.

The groundwater treatment programs are located in Operable Units within the San Gabriel Valley - the Baldwin Park Operable Unit (BPOU), the El Monte Operable Unit (EMOU), the Puente Valley Operable Unit (PVOU), the South El Monte Operable Unit (SEMOU), the Area Three Operable Unit (ATOU) and the Whittier Narrows Operable Unit (WNOU). Additionally, there are several treatment programs located outside of the defined Operable Units.

Basis of Accounting and Financial Statement Presentation

The Authority is accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. The Authority utilizes the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as they are incurred.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from pumping right assessments, grants and contributions. Operating expenses include project expenses, general and administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Capital contributions consist of contributed capital assets, and other charges that are legally restricted for capital expenditures by state law or by the Board action that established those charges.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Inventories**

Inventories consist of replacement parts for various treatment facilities. Inventories are stated at lower of cost or market on the first-in, first-out basis.

Accounts Receivable

Accounts receivable are recorded at net realizable value. Management believes that accounts receivable are fully collectible. Therefore, no allowance for doubtful accounts is reflected on the Statements of Net Position at June 30, 2020 and 2019.

Capital Assets

Capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated assets are valued at their estimated fair market value on the date received. The Authority capitalizes all assets with a historical cost of at least \$5,000 and a useful life of at least 5 years. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciation is computed utilizing the straight-line method over the following estimated useful lives:

Office equipment	3 to 5 years
Office furniture	10 years
Treatment plant equipment	10 years
Treatment plants	35 years
Monitoring/sentinel wells	35 years

Construction in Progress

Project capital costs are accumulated as construction in progress over the life of the construction. The Authority believes that it is responsible for management of the asset during the construction phase. When a project is completed, the asset is "transferred" to the related water entity which takes over the management and maintenance of the asset at that time.

Water being treated in the treatment facilities frequently requires more than one type of treatment. A treatment facility may be operational but construction is ongoing to develop additional treatment processes to remediate newly detected contamination or to more efficiently address existing contamination. In these circumstances, if the construction is ongoing, the Authority will retain the project in construction in progress until the entire project is completed, even though portions of that project may have some involvement in water treatment activities.

Cash Equivalents

For the purposes of the Statements of Cash Flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near to their maturity that they present insignificant risk of changes in value because of changes in interest rates and have an original maturity date of 3 months or less.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Investments**

Investments are reported at fair value, except for certain investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during the fiscal year are recognized as interest income reported for that fiscal year. Interest income also includes interest earnings.

Pumping Right Assessments

On September 19, 1992, the California state legislature approved legislation to allow the Authority to levy a pumping right assessment on holders of prescriptive (as determined by Superior Court Judgment) pumping rights. Prior to the fiscal year ended June 30, 2002, the pumping right assessment consisted of two components, a capital assessment and an administrative assessment. Assembly Bill 2544 amended this practice and combined the capital and administrative assessment into one annual pumping right assessment.

Pumping right assessments are imposed, on an as needed basis, after other revenue sources, such as private party, state and federal grant funding are budgeted. For the fiscal years ended June 30, 2020 and 2019, the annual pumping right assessment was \$12 per acre-foot and \$10 per acre-foot, respectively.

The Authority records incoming funds as operating revenues. Funds are received from the United States Bureau of Reclamation (USBR), United States Environmental Protection Agency (EPA), Water Producers, California State Water Resource Control Board (SWRCB) and assessments on prescriptive pumping right holders in the San Gabriel Basin, as well as from the parties responsible for contamination which include Responsible Parties, Cooperating Respondents (CRs), Performing Settling Defendants (PSDs), Settling Defendants (SDs), Work Parties, and Potentially Responsible Parties (PRPs). Hereafter, the parties responsible for contamination will be collectively referred to as Responsible Parties (RPs).

Accrued Liabilities and Accounts Payable

The Authority records accounts payable liabilities when invoices are approved for payment by the authorizing entity, which can be the Authority, EPA, RPs or Water Entities. The Authority incurs two types of costs: administrative costs and project costs.

Administrative Costs

These costs relate to administrative costs, including payroll and benefits, incurred by the Authority, and are funded by assessments. A liability is recorded when an invoice is approved by the Authority. The liability is recorded in the same time period as the cost/expense is incurred.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Project Costs**

These costs include legal, government relations, community relations, and costs related to projects owned and operated by the Authority. These costs are either funded by RPs or funded by the Authority's assessments. Generally, the liability is recorded in the same time period as the cost is incurred.

Project Costs Incurred by RPs, and Water Producers and Paid by the Authority

As a part of its role in managing the quality of the water in the San Gabriel Basin, the Authority will pay certain costs for which the RPs are financially responsible. Typically, these costs will be incurred by Water Producers and then submitted by the Water Producers to the Authority to be considered for reimbursement. The process required to approve these costs for reimbursement requires input from various parties. Once a cost has been approved for reimbursement, the Authority reports an expense and a liability for the qualified cost (to reflect the amount due to the Water Producer). An equal amount of revenue (and a receivable) is also reported for the amount of reimbursement approved for collection from the RPs. In the event that a cost is not approved for reimbursement, the Authority has no liability and the cost remains an unrecovered expense of the Water Producer.

Contingent Liabilities

The Authority has received funds from various federal, state, and local grant programs. It is possible that at some future date it may be determined that the Authority was not in compliance with applicable grant requirements. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although management does not expect such disallowed amounts, if any, to materially affect the financial statements.

Unearned Revenue

The Authority records unearned revenue when it receives funds from the SEMOU RPs through the various settlement agreements. Under these agreements, the funds received are required to be used to pay eligible project costs to the Water Producers. The funds are not considered earned until the Water Producers submit requests for reimbursement to the Authority and the Authority is in agreement that the costs are eligible for reimbursement. Unearned revenue as of June 30, 2020 and 2019 was \$1,234,672 and \$1,984,117, respectively.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority does not have any items that qualify in this category as of June 30, 2020 and 2019.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the Statements of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority does not have any items that qualify for this category as of June 30, 2020 and 2019.

Net Position

Net position is presented in three components: investment in capital assets, restricted, and unrestricted. Net position of the Authority has been reported as restricted when its use is constrained more narrowly than the reporting unit in which they are reported as a result of state laws governing such use. When both restricted and unrestricted resources are available for use, the Authority uses unrestricted resources first, and then restricted resources as they are needed. For capital expenditures, other restricted resources are used first, and then unrestricted resources are used if needed.

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Pollution Remediation

Government Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* addresses pollution remediation obligations and how such costs should be recognized and disclosed. A pollution remediation obligation is an obligation to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities. For example, an obligation to clean up contaminated groundwater is a pollution remediation obligation.

Under GASB Statement No. 49, when a government knows or reasonably believes a site is polluted, it should determine whether a pollution remediation obligation exists and should be recorded as a liability. There are several criteria under which an entity must recognize a liability, one of which occurs when a government voluntarily commits or legally obligates itself to commence cleanup activities or monitoring or operation and maintenance of the remediation effort.

The Authority was created by the State of California to facilitate the development, financing and implementation of groundwater treatment programs in the San Gabriel Valley, the purpose of which is to clean up contaminated groundwater. As such, the Authority works with Water Producers, RPs as well as local, state and federal government agencies. The Authority has not committed or legally obligated itself to commence cleanup activities. As such, the Authority does not have a requirement to record a liability for the future estimated pollution remediation cost.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates are also required to determine potential impairment of long-lived assets such as capital assets. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Such events or circumstances include, but are not limited to, a significant decrease in the fair value of the equipment due to obsolescence, or a significant decrease in benefits realized from the equipment. Management is not aware of any circumstances that would lead to a material impairment of any long-lived assets.

NOTE 2 CASH AND INVESTMENTS

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

	2020	2019
Cash on hand	\$ 250	\$ 250
Deposits with financial institutions	486,366	539,718
Investments	6,743,656	7,861,987
Total	\$ <u>7,230,272</u>	\$ <u>8,401,955</u>

Investment in State Investment Pool

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

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by the California Government Code, the California Water Code, and the Authority's Investment Policy

The following table identifies the investment types that are authorized for the Authority by the California Government Code, and the Authority's investment policy, whichever is most restrictive. The table also identifies certain provisions of the California Government Code, and the Authority's investment policy that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the Authority, rather than the general provisions of the California Government Code or the Authority's investment policy.

Authorized Investment type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment In One Issuer
Local agency bonds (c)	5 years	None	None
U.S. Treasury obligations (a)(b)	5 years	None	None
U.S. Agency securities (a)(b)	5 years	None	None
Banker's acceptances (c)	180 days	40%	30%
Commercial paper (c)	270 days	25%	10%
Negotiable certificates of deposit (a)(b)	5 years	30%	None
Repurchase agreements (c)	1 year	None	None
Reverse repurchase agreements (c)	92 days	20%	None
Medium-term notes (c)	5 years	30%	None
Money market mutual funds (c)	N/A	20%	10%
Mortgage pass-through securities (c)	5 years	20%	None
Orange County Investment Pool (c)	N/A	None	None
Local Agency Investment Fund (LAIF) (a)	N/A	None	None

(a) Investment authorized by the Authority's Investment Policy

(b) The Authority's investment policy allows a term of 12 months or less

(c) Investment is not authorized by the Authority's investment policy

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code 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 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Deposits are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Beginning January 1, 2013, the FDIC has insured noninterest-bearing transaction accounts, which generally provides each depositor up to \$250,000 in coverage at each separately chartered insured depository institution.

Deposits are exposed to custodial credit risk if they are uninsured and are either:

- a. Uncollateralized
- b. Collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the depositor-government's name

At June 30, 2020, the Authority's deposits (bank balances) exceeded the maximum deposit insurance amount by \$236,366.

Disclosure Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized statistical rating organization.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates.

Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity as of June 30, 2020 and 2019:

June 30, 2020					
Investment	Amount	Remaining Maturity			
		12 Months or Less	13 to 36 Months	37 to 60 Months	Over 60 Months
LAIF *	\$ 6,743,656	\$ 6,743,656	\$ -	\$ -	\$ -
Total	\$ 6,743,656	\$ 6,743,656	\$ -	\$ -	\$ -

June 30, 2019					
Investment	Amount	Remaining Maturity			
		12 Months or Less	13 to 36 Months	37 to 60 Months	Over 60 Months
LAIF *	\$ 7,861,987	\$ 7,861,987	\$ -	\$ -	\$ -
Total	\$ 7,861,987	\$ 7,861,987	\$ -	\$ -	\$ -

* LAIF is not rated.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurement

The Authority follows GASB Statement No. 72, *Fair Value Measurement and Application*. GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1: Inputs are quoted prices for identical assets or liabilities in active markets that government can access at the measurement date.

Level 2: Inputs are other than quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable inputs for an asset or liability.

The following table represents the Authority's fair value hierarchy for its financial assets measured at fair value on a recurring basis:

Investment Type	Totals as of June 30,		Level of Inputs
	2020	2019	
Cash on Hand	\$ 250	\$ 250	Level 1
Deposits with financial institutions	486,366	539,718	Level 1
LAIF	6,743,656	7,861,987	Uncategorized
	<u>\$ 7,230,272</u>	<u>\$ 8,401,955</u>	

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at June 30, 2020 and 2019:

	2020	2019
Federal grants	\$ 1,096,562	\$ 1,290,604
State grants	7,023	68,053
Responsible party contributions	3,372,971	2,510,269
Pumping right assessments	133,126	109,950
Other	45	80
Total accounts receivable	<u>\$ 4,609,727</u>	<u>\$ 3,978,956</u>

NOTE 4 NOTE RECEIVABLE

Between the years ended June 30, 2003 through 2005, the Authority loaned funds to certain RPs for reimbursement of costs incurred in connection with construction of a treatment facility at the Arrow/Lante Well site. The RPs started repaying the loans in July 2005. The repayments are occurring over a twenty-year term on a fully amortizable basis. Interest accrues at the rate of 2.7 percent per annum. At June 30, 2020, the note receivable for the Authority is \$1,971,700, of which \$373,613 is receivable within the next 12 months.

San Gabriel Basin Water Quality Authority
Notes to Financial Statements
Years ended June 30, 2020 and 2019

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets at June 30, 2020, is as follows:

	Beginning Balance June 30, 2019	Additions	Deletions	Transfers to Water Producers	Ending Balance June 30, 2020
Capital assets, not being depreciated					
Construction in progress	\$ 22,035,972	\$ 1,581,818	\$ -		\$ 23,617,790
Total capital assets, not being depreciated	<u>22,035,972</u>	<u>1,581,818</u>	<u>-</u>	<u>-</u>	<u>23,617,790</u>
Capital assets being depreciated					
Office furniture and equipment	224,913	18,749		-	243,662
BPOU monitoring wells	8,792,835			-	8,792,835
SEM sentinel well	102,437			-	102,437
SEM Bozung Treatment Facility	933,954			-	933,954
Total capital assets being depreciated	<u>10,054,139</u>	<u>18,749</u>	<u>-</u>	<u>-</u>	<u>10,072,888</u>
Less accumulated depreciation					
Office furniture and equipment	(191,993)	(12,890)		-	(204,883)
BPOU monitoring wells	(5,138,559)	(251,223)		-	(5,389,782)
SEM sentinel well	(43,903)	(2,927)		-	(46,830)
SEM Bozung Treatment Facility	(296,342)	(26,684)		-	(323,026)
Total accumulated depreciation	<u>(5,670,797)</u>	<u>(293,724)</u>	<u>-</u>	<u>-</u>	<u>(5,964,521)</u>
Total capital assets being depreciated, net	<u>4,383,342</u>	<u>(274,975)</u>	<u>-</u>	<u>-</u>	<u>4,108,367</u>
Total capital assets, net	\$ <u>26,419,314</u>	\$ <u>1,306,843</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>27,726,157</u>

A summary of changes in capital assets at June 30, 2019, is as follows:

	Beginning Balance June 30, 2018	Additions	Deletions	Transfers to Water Producers	Ending Balance June 30, 2019
Capital assets, not being depreciated					
Construction in progress	\$ 26,541,121	\$ 1,567,829	\$ -	(6,072,978)	\$ 22,035,972
Total capital assets, not being depreciated	<u>26,541,121</u>	<u>1,567,829</u>	<u>-</u>	<u>(6,072,978)</u>	<u>22,035,972</u>
Capital assets being depreciated					
Office furniture and equipment	213,638	11,275		-	224,913
BPOU monitoring wells	8,792,835			-	8,792,835
SEM sentinel well	102,437			-	102,437
SEM Bozung Treatment Facility	933,954			-	933,954
Total capital assets being depreciated	<u>10,042,864</u>	<u>11,275</u>	<u>-</u>	<u>-</u>	<u>10,054,139</u>
Less accumulated depreciation					
Office furniture and equipment	(183,227)	(8,766)		-	(191,993)
BPOU monitoring wells	(4,887,337)	(251,222)		-	(5,138,559)
SEM sentinel well	(40,976)	(2,927)		-	(43,903)
SEM Bozung Treatment Facility	(269,657)	(26,685)		-	(296,342)
Total accumulated depreciation	<u>(5,381,197)</u>	<u>(289,600)</u>	<u>-</u>	<u>-</u>	<u>(5,670,797)</u>
Total capital assets being depreciated, net	<u>4,661,667</u>	<u>(278,325)</u>	<u>-</u>	<u>-</u>	<u>4,383,342</u>
Total capital assets, net	\$ <u>31,202,788</u>	\$ <u>1,289,504</u>	\$ <u>-</u>	\$ <u>(6,072,978)</u>	\$ <u>26,419,314</u>

NOTE 6 NOTE PAYABLE

In 2003, the Authority was granted a loan from the SWRCB of \$6,440,000. The loan accrues interest at a rate of 2.7 percent per annum from the dates funds were disbursed and the interest accrued was included in a fully amortized balance with payments over a twenty-year period commencing in July 2005. The funds received by the Authority under this agreement were then loaned to certain RPs in connection with the construction of a groundwater remediation facility. The Authority's note receivable from certain RPs has the same repayment terms as the Authority's note payable to SWRCB. See Note 4 for additional information.

Changes in long-term debt for the year ended June 30, 2020, are as follows:

	Beginning Balance June 30, 2019	Additions	Payments	Ending Balance June 30, 2020	Due Within One Year
Note payable \$	2,335,490	\$ -	\$ (363,790)	\$ 1,971,700	\$ 373,613

Changes in long-term debt for the year ended June 30, 2019, are as follows:

	Beginning Balance June 30, 2018	Additions	Payments	Ending Balance June 30, 2019	Due Within One Year
Note payable \$	2,689,716	\$ -	\$ (354,226)	\$ 2,335,490	\$ 363,790

Payments of principal and interest for each of the next five fiscal years increments thereafter are as follows:

Years ending June 30	Principal	Interest	Total
2021	\$ 373,613	\$ 53,235	\$ 426,848
2022	383,700	43,148	426,848
2023	394,060	32,788	426,848
2024	404,700	22,148	426,848
2025	415,627	11,221	426,848
Total	\$ 1,971,700	\$ 162,540	\$ 2,134,240

NOTE 7 CAPITAL CONTRIBUTIONS

Capital contributions include the following:

Governmental

The USBR, under the Title XVI and the Restoration Funds programs, has provided funding for design, planning and construction for treatment facilities in the BPOU, SEMOU, EMOU and PVOU operable units.

Water Producers

The Authority has entered into agreements with Water Producers for the design, construction and operation of treatment facilities in the BPOU, SEMOU, PVOU and EMOU, and ATOU operable units. The revenue restricted for capital is included in capital contributions on the Statements of Revenues, Expenses, and Changes in Net Position.

Responsible Parties

The EPA identified several private companies referred to as RPs, as being responsible for groundwater contamination in the San Gabriel Valley. Several companies named by the EPA as RPs have formed coalitions to facilitate the cleanup of the Basin's groundwater supply by providing funding for capital construction in the BPOU, SEMOU, PVOU and EMOU operable units. RPs contributed \$854,535 and \$303,958 in fiscal years ended June 30, 2020 and 2019, respectively.

During the year ended June 30, 2002, the Authority became a party to the BPOU Project Agreement. During the year ended June 30, 2017, the BPOU Project Agreement was renegotiated and extended for an additional 10 years. Under the agreement, RPs agreed to provide funding for the design, construction, operation, maintenance and management of groundwater extraction, treatment and distribution facilities within the BPOU. The portion related to the design and construction is recorded as capital contributions.

The Authority is a party to multiple SEMOU Settlement Agreements with RPs. The agreements called for the SEMOU RPs to provide funding to pay, partially pay or reimburse the Water Producers for capital and treatment and remediation costs incurred or to be incurred in connection with certain projects outlined in the agreements.

NOTE 8 PENSION PLAN

The Authority sponsors a Money Purchase Pension Plan (the Pension Plan), a defined contribution plan, under Internal Revenue Code Section 401(a) for the benefit of its employees who have attained the age of 21 and have completed 1,000 hours of service. The Authority contributes on behalf of the employees, 12.726 percent of their covered compensation up to and not to exceed the lesser of \$57,000, or 25 percent of covered compensation. The Authority's contributions to the Pension Plan totaled \$115,375 and \$105,379 for the years ended June 30, 2020 and 2019, respectively.

NOTE 9 DEFERRED COMPENSATION PLANS

The Authority offers its employees and board members deferred compensation plans (the Plans) under Internal Revenue Code Section 457. The Plans, available to all Authority employees and board members, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. The Authority is in compliance with this legislation. These assets are not the legal property of the Authority and are not subject to claims of the Authority's general creditors. The unaudited market value of the Plans' assets was \$687,587 as of June 30, 2020.

In accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, as the Authority has little administrative involvement and does not perform the investing function for the Plans, the assets and related liabilities are not shown on the Statements of Net Position.

NOTE 10 COMMITMENTS AND CONTINGENCIES

Leases

The Authority leases its office space and certain equipment under operating leases expiring at various dates through 2023. Expense for the years ended June 30, 2020 and 2019, for the office space was \$91,668 and \$89,689, respectively and for the equipment leases was \$5,694 and \$6,867 respectively. The expense for office equipment is included in Equipment Rental and Maintenance on the Statements of Revenues, Expenses and Changes in Net Position. Future minimum lease payments under the operating lease agreements as of June 30, 2020 are as follows:

Years ending June 30	Amount
2021	\$ 97,362
2022	97,362
2023	1,989
Total	<u>\$ 196,713</u>

NOTE 11 INSURANCE

The Authority is a member of the Association of California Water Agencies Joint Powers Insurance Authority (JPIA). The JPIA is a risk-pooling, self-insurance authority, created under provisions of California Government Code Sections 6500 et seq. The purpose of the JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. The JPIA provides coverage to the Authority for property losses, general liability and workers' compensation. Members of the JPIA share the costs of professional risk management claims, administration and excess insurance. The Authority has established a self-insured retention amount which represents the Authority's deductible per occurrence and the JPIA provides self-insured coverage for the Authority up to established pool limits for the various types of insurance coverage. Coverage limits are \$5 million per occurrence for liability; replacement cost for property, subject to a \$1,000 deductible; and statutory limits for workers' compensation.

NOTE 12 SUBSEQUENT EVENTS

On March 4, 2020, California Governor Gavin Newsom declared a State of Emergency in response to the spread of COVID-19 in the state of California. Water utilities are identified as critical infrastructure by the United States Department of Homeland Security and the Authority has activated its emergency response plan. The Authority has instituted guidelines prescribed by the Centers for Disease Control to help prevent the spread of COVID-19. Accordingly, as of report issuance date, there is no direct threat to the water supply from the COVID-19 pandemic and the Authority foresees no circumstances under which the Authority's groundwater services will be compromised.

Other than the event described above, no events have occurred subsequent to the balance sheet date through September 15, 2021, the date the financial statements were available to be issued, that require adjustment to, or disclosure in, the financial statements.

**NOTE 13 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB)
STATEMENTS ISSUED****GASB Current Year Standards****GASB No. 95**

In May 2020, the Governmental Accounting Standards Board issued Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." The Statement postponed the effective dates of certain Statements to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The effective dates of the affected Statements listed above have been updated to reflect the impact of this Statement.

GASB Pending Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued several pronouncements, that have effective dates that may impact future financial presentations. Management has not yet determined any impact the implementation of the following statements may have on the financial statements of the District.

GASB No. 84

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84 "Fiduciary Activities". The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB No. 87

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87 "Leases". The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

GASB No. 89

In June 2018, the Governmental Accounting Standards Board issued Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

GASB No. 90

In August 2018, the Governmental Accounting Standards Board issued Statement No. 90 "Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61". The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB No. 91

In May 2019, the Governmental Accounting Standards Board issued Statement No. 91, "Conduit Debt Obligations." The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

**NOTE 13 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB)
STATEMENTS ISSUED (CONTINUED)****GASB No. 92**

In January 2020, the Governmental Accounting Standards Board issued Statement No. 92, "Omnibus 2020." The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

GASB No. 93

In March 2020, the Governmental Accounting Standards Board issued Statement No. 93, "Replacement of Interbank Offered Rates." The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

GASB No. 94

In May 2020, the Governmental Accounting Standards Board issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 96

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, "Subscription-Based Information Technology Arrangements." The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 97

In June 2020, the Governmental Accounting Standards Board issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plan – an amendment of GASB Statements No. 14, 84, and a suppression of GASB Statement No. 32." The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.



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Draft 09.08.2021



Water Quality Authority

San Gabriel Basin Water Quality Authority
Single Audit Report
Year Ended June 30, 2020
With Independent Auditor's Report

Draft 09.08.2021

San Gabriel Basin Water Quality Authority
Single Audit Report
Year Ended June 30, 2020
With Independent Auditor's Report

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

To the Board of Directors
San Gabriel Basin Water Quality Authority
 West Covina, 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 San Gabriel Basin Water Quality Authority (the Authority), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated **September 15, 2021**.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Glendale, California

September 15, 2021

Independent Auditor's Report on Compliance for Each Major Program, on Internal Control over Compliance, and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Directors
San Gabriel Basin Water Quality Authority
West Covina, California

Report on Compliance for Each Major Federal Program

We have audited San Gabriel Basin Water Quality Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2020. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.



Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Authority as of and for the year ended June 30, 2020, and have issued our report thereon dated **September 15, 2021**, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Glendale, California
September 15, 2021

Draft 09.08.2021

San Gabriel Basin Water Quality Authority
Schedule of Expenditures of Federal Awards
Year ended June 30, 2020

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Program Identification Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
<u>U.S. Environmental Protection Agency</u>					
Direct Assistance:					
Superfund Support Agency Cooperative Agreement:					
South El Monte Operable Unit	66.802	99T29201	Not applicable	\$ -	\$ 2,078,617 *
Total U.S. Environmental Protection Agency				<u>-</u>	<u>2,078,617</u>
 Total Federal Expenditures				 \$ -	 \$ 2,078,617

* Major program

See Notes to Schedule of Expenditures of Federal Awards.

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Authority under programs of the federal government for the year ended June 30, 2020. For purposes of this schedule, financial awards include federal awards received directly from a federal agency, as well as federal funds received indirectly by the Authority from a non-federal agency or other organization. Only the portions of program expenditures reimbursable with federal funds are reported in the accompanying schedules. Program expenditures in excess of the maximum reimbursement authorized, if any, or the portion of the program expenditures that were funded with other state, local or other non-federal funds are excluded from the accompanying schedule.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The expenditures reported on the Schedule are reported on the accrual basis of accounting except that the lending of certain federal award monies and acquisition of capital assets are reported as expenditures of federal funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 SUBRECIPIENTS

There were no payments to subrecipients for the year ended June 30, 2020.

NOTE 4 RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Grant expenditure reports as of and for the year ended June 30, 2020, which have been submitted to grantor agencies, will, in some cases, differ from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of the year-end accruals.

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	No

Identification of Major Programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
66.802	Superfund Support Agency Cooperative Agreement
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	Yes

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings

None noted.

There were no federal award findings reported in the prior year.



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Water Quality Authority

San Gabriel Basin Water Quality Authority
Report to the Board of Directors
June 30, 2020

September 15, 2021

**Honorable Members of the Board of Directors
San Gabriel Basin Water Quality Authority**

We are pleased to present this report related to our audit of the financial statements of San Gabriel Basin Water Quality Authority (the Authority) as of and for the year ended June 30, 2020. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Authority's financial reporting process.

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

Very truly yours,

VASQUEZ & COMPANY, LLP

Cristy A. Canieda
Partner

San Gabriel Basin Water Quality Authority
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**San Gabriel Basin Water Quality Authority
Required Communications**

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

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> issued by the Comptroller General of the United States have been described to you in our arrangement letter dated August 6, 2020. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication dated August 6, 2020, regarding the planned scope and timing of our audit and have discussed with you our identification of, and planned audit response to, significant risks of material misstatement.
Accounting Policies and Practices	Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Authority. The Authority did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.
Significant or Unusual Transactions	We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
Going Concern	The financial statements were prepared on the assumption that the Authority will continue as a going concern.
Audit Adjustments	There were no audit adjustments made to the original trial balance presented to us to begin our audit.
Uncorrected Misstatements	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed with or were the subject of correspondence with management.

**San Gabriel Basin Water Quality Authority
Required Communications**

Area	Comments
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Significant Written Communication Between Management and Our Firm	Copy of material written communication between our firm and the management of the Authority, including the representation letter provided to us by management, is attached.

**San Gabriel Basin Water Quality Authority
Significant Written Communication Between Management and Our Firm
Exhibit A – Management Representation Letter**

(Please see the attached)



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San Gabriel Basin Water Quality Authority

1720 W. Cameron Avenue, Suite 100, West Covina, CA 91790 • 626-338-5555 • Fax 626-338-5775

September 15, 2021

Vasquez & Company LLP
655 N Central Ave, Suite 1550
Glendale, CA 91203

This representation letter is provided in connection with your audit of the basic financial statements of San Gabriel Basin Water Quality Authority (the Authority), which comprise the balance sheet as of June 30, 2020, the related statements of operations, net positions, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, that as of **September 15, 2021**:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated September 15, 2021, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions, including long-term loans, leasing arrangements, and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements, and for which disclosure, have been disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for in accordance with U.S. GAAP.
8. With respect to the assistance with the preparation and word processing of the financial statements performed in the course of the audit:
 - a. We have made all management decisions and performed all management functions;
 - b. We assigned an appropriate individual to oversee the services;

- c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
 - d. We have accepted responsibility for the results of the services; and
 - e. We have accepted responsibility for all significant judgments and decisions that were made.
9. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
10. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

11. We have provided you with:
- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All transactions have been recorded in the accounting records and are reflected in the financial statements.
13. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
14. We have no knowledge of allegations of fraud or suspected fraud affecting the financial statements involving:
- a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the financial statements received in communications from employees, former employees, analysts, regulators, short sellers or others.
16. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance.
17. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
18. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing financial statements.
19. We have disclosed to you the identity of the related parties and all the related-party relationships and transactions of which we are aware.

20. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the ability to record, process, summarize and report financial data.
21. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

22. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
23. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.
24. Is aware of no instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
25. Is aware of no instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
26. Is aware of no instances that have occurred, or are likely to have occurred, of waste or abuse that could be quantitatively or qualitatively material to the financial statements.
27. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
28. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
29. Has a process to track the status of audit findings and recommendations.
30. Has identified for the auditor previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.
31. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

In connection with your audit of federal awards conducted in accordance with Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we confirm:

32. Management is responsible for complying, and has complied, with the requirements of Uniform Guidance.
33. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs.
34. Management is responsible for establishing and maintaining, and has established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance

that the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on its federal programs.

35. Management is responsible for the preparation of the schedule of expenditures of federal awards, acknowledges and understands its responsibility for the presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; believes the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; asserts that methods of measurement or presentation have not changed from those used in the prior period, or if the methods of measurement or presentation have changed, the reasons for such changes have been communicated; and is responsible for any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.
36. Management will make the audited financial statements readily available to the intended users of the schedule no later than the issuance date by the entity of the schedule of expenditures of federal awards and the auditor's report thereon.
37. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit.
38. Management has identified and disclosed to the auditor the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
39. Management has made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
40. Management has identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards or stated that there was no such noncompliance.
41. Management believes that the auditee has complied with the direct and material compliance requirements.
42. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
43. Management has disclosed to the auditor the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
44. There are no subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
45. Management has disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report or stated that there were no such known instances.
46. Management has disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.
47. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
48. The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.

49. Management has charged costs to federal awards in accordance with applicable cost principles.

50. The reporting package does not contain protected personally identifiable information.

51. Management has accurately completed the appropriate sections of the data collection form.

San Gabriel Basin Water Quality Authority

Randy Schoellerman,
Executive Director

Mary Saenz,
Director of Finance



San Gabriel Basin Water Quality Authority

1720 W. Cameron Avenue, Suite 100, West Covina, CA 91790 • 626-338-5555 • Fax 626-338-5775

AGENDA SUBMITTAL

To: WQA Board Members
From: Randy Schoellerman, Executive Director
Date: September 15, 2021
Subject: ACWA Region 8 Board Election for the 2022-2023 Term

Discussion

It is time to elect the 2022-2023 ACWA Region 8 officers and board members who will represent and serve the members of Region 8. Attached, you will find the official ballot which includes the Region 8 Nominating Committee's recommended slate as well as individual candidates running for the Region 8 Board.

The Region board members are elected to represent the issues, concerns and needs of your region. The region chair and vice chair will serve on ACWA's Board of Directors for this two-year term of office. The newly elected chair will communicate the region board's committee recommendations to the ACWA President for the 2022-2023 term. Either the chair or vice chair will serve on the ACWA Finance Committee.

The Administrative/Finance Committee reviewed the recommended slate and ballot at their August 10, 2021 meeting. The Committee recommended waiting until September to allow more time to receive requests for support. At this time, staff has not received any such requests from the candidates.

All ballots must be submitted electronically to ACWA by September 30, 2021.

Recommendation

Review/Approve ballot selection of ACWA Region 8 officers and board members for the 2022-2023 term.

Attachment:

Region 8 Ballot

OFFICIAL REGION 8 Board Ballot

2022-2023 TERM



**Please return completed
ballot by Sept. 30, 2021**

E-mail: regionelections@acwa.com
Mail: ACWA
980 9th Street, Suite 1000
Sacramento, CA 95814

General Voting Instructions:

- 1 You may either vote for the slate recommended by the Region 8 Nominating Committee or vote for individual region board members. Mark the appropriate box to indicate your decision.
- 2 Complete your agency information. The authorized representative is determined by your agency in accordance with your agency's policies and procedures.

1

Nominating Committee's Recommended Slate

- ☐ I concur with the Region 8 Nominating Committee's recommended slate below.

CHAIR:

- **Gloria D. Gray**, Immediate Past President, West Basin Municipal Water District

VICE CHAIR:

- **William Cooper**, Director, Santa Clarita Valley Water Agency

BOARD MEMBERS:

- **Brian Bowcock**, Director, Three Valleys Municipal Water District
- **Anthony R. Fellow**, Board Member, Upper San Gabriel Valley Municipal Water District
- **Robert W. Lewis**, Director, Rowland Water District
- **Melvin L. Matthews**, Director, Foothill Municipal Water District
- **Leonard E. Polan**, Director, Las Virgenes Municipal Water District

OR

Individual Board Candidate Nominations

- ☐ I do not concur with the Region 8 Nominating Committee's recommended slate. I will vote for individual candidates below as indicated.

CANDIDATES FOR CHAIR: (CHOOSE ONE)

- ☐ **William Cooper**, Director, Santa Clarita Valley Water Agency
- ☐ **Anthony R. Fellow**, Board Member, Upper San Gabriel Valley Municipal Water District
- ☐ **Gloria D. Gray**, Immediate Past President, West Basin Municipal Water District

CANDIDATES FOR VICE CHAIR: (CHOOSE ONE)

- ☐ **William Cooper**, Director, Santa Clarita Valley Water Agency
- ☐ **Anthony R. Fellow**, Board Member, Upper San Gabriel Valley Municipal Water District

CANDIDATES FOR BOARD MEMBERS: (MAX OF 5 CHOICES)

- ☐ **Brian Bowcock**, Director, Three Valleys Municipal Water District
- ☐ **William Cooper**, Director, Santa Clarita Valley Water Agency
- ☐ **Anthony R. Fellow**, Board Member, Upper San Gabriel Valley Municipal Water District
- ☐ **Robert W. Lewis**, Director, Rowland Water District
- ☐ **Melvin L. Matthews**, Director, Foothill Municipal Water District
- ☐ **Leonard E. Polan**, Director, Las Virgenes Municipal Water District

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AGENCY NAME

AUTHORIZED REPRESENTATIVE

DATE

Calendars

- SGVMWD
- TVMWD
- USGVMWD
- WM
- WQA

Sep 9 - Dec 8, 2021

September 2021

Mon Sep 13 4:00pm - 5:00pm [Special USGVMWD Gov Affairs Committee](#)

Wed Sep 15 8:00am - 10:30am [TVMWD Board Meeting](#)

12:00pm - 1:00pm [WQA Board Meeting](#)

1:30pm - 2:30pm [WM Administrative Committee Mtg](#)

Wed Sep 22 8:00am - 9:00am [USGVMWD Board Meeting](#)

Mon Sep 27 10:00am - 11:30am [SGVWA Leg. Committee Meeting](#)

11:30am - 1:00pm [SGVWA Board Meeting](#)

October 2021

Mon Oct 4 4:00pm - 5:00pm [USGVMWD Gov Affairs Committee Meeting](#)

Tue Oct 5 12:00pm - 1:00pm [WQA Update for City Officials](#)

4:00pm - 5:00pm [USGVMWD Admin & Finance Committee meeting](#)

Wed Oct 6 8:00am - 10:30am [TVMWD Board Meeting](#)

2:30pm - 3:30pm [Watermaster Board Meeting](#)

4:00pm - 5:00pm [USGVMWD Water Resources & Facility Management Committee](#)

Tue Oct 12 10:00am - 11:00am [WQA Admin/Finance Committee](#)

Wed Oct 13 8:00am - 9:00am [USGVMWD Board Meeting](#)

11:00am - 12:00pm [WQA Leg/Pub Committee](#)

1:30pm - 3:00pm [WM Basin Watermaster Committee Mtg](#)

Wed Oct 20 8:00am - 10:30am [TVMWD Board Meeting](#)

12:00pm - 1:00pm [WQA Board Meeting](#)

1:30pm - 2:30pm [WM Administrative Committee Mtg](#)

Mon Oct 25 10:00am - 11:30am [SGVWA Leg. Committee Meeting](#)

11:30am - 1:00pm [SGVWA Board Meeting](#)

Wed Oct 27 8:00am - 9:00am [USGVMWD Board Meeting](#)

November 2021

Mon Nov 1	4:00pm - 5:00pm	USGVMWD Gov Affairs Committee Meeting ↗
Tue Nov 2	4:00pm - 5:00pm	USGVMWD Admin & Finance Committee meeting ↗
Wed Nov 3	8:00am - 10:30am	TVMWD Board Meeting ↗
	2:30pm - 3:30pm	Watermaster Board Meeting ↗
	4:00pm - 5:00pm	USGVMWD Water Resources & Facility Management Committee ↗
Tue Nov 9	10:00am - 11:00am	WQA Admin/Finance Committee ↗
Wed Nov 10	8:00am - 9:00am	USGVMWD Board Meeting ↗
	11:00am - 12:00pm	WQA Leg/Pub Committee ↗
	1:30pm - 3:00pm	WM Basin Watermaster Committee Mtg ↗
Wed Nov 17	8:00am - 10:30am	TVMWD Board Meeting ↗
	12:00pm - 1:00pm	WQA Board Meeting ↗
	1:30pm - 2:30pm	WM Administrative Committee Mtg ↗
Mon Nov 22	10:00am - 11:30am	SGVWA Leg. Committee Meeting ↗
	11:30am - 1:00pm	SGVWA Board Meeting ↗
Wed Nov 24	8:00am - 9:00am	CANCELED: USGVMWD Board Meeting

December 2021

Wed Dec 1	8:00am - 10:30am	TVMWD Board Meeting ↗
	2:30pm - 3:30pm	Watermaster Board Meeting ↗
	4:00pm - 5:00pm	USGVMWD Water Resources & Facility Management Committee ↗
Mon Dec 6	4:00pm - 5:00pm	USGVMWD Gov Affairs Committee Meeting ↗
Tue Dec 7	4:00pm - 5:00pm	USGVMWD Admin & Finance Committee meeting ↗
Wed Dec 8	8:00am - 9:00am	USGVMWD Board Meeting ↗
	11:00am - 12:00pm	WQA Leg/Pub Committee ↗
	1:30pm - 3:00pm	WM Basin Watermaster Committee Mtg ↗